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for Financing External Actions in 2016

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PART 1/2

COMMISSION STAFF WORKING DOCUMENT
Accompanying the document

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

**Annual Report on the Implementation of the European Union's Instruments for
Financing External Actions in 2016**

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INTRODUCTION: CHALLENGES AND DEVELOPMENTS IN 2016

In 2016, Europe continued to be confronted with a range of significant challenges. Conflicts and instability were developing on both our Southern and Eastern borders. Terrorist attacks were perpetrated inside and outside Europe. The European Union (EU) continued to be faced with unprecedented refugee and migrant flows. As in previous years, the EU responded comprehensively, using the entire breadth of its policies and tools that span diplomatic, security, financial, trade, development actions and humanitarian aid.

Following the request of the European Council, High Representative and Vice President (HRVP) Mogherini submitted the EU Global Strategy (EUGS) on foreign and security policy¹ on 28th and 29th June 2016. The EUGS has two aims echoed in the title itself 'Shared Vision, Common Action' and sets out EU core interests and principles for engaging in the world. It provides a vision for a more credible, responsible and responsive EU in the world. The EUGS will guide EU actions for the years to come.

Implementation of the EUGS started on its five priority areas and endorsed by the Foreign Affairs Council (FAC) of October 2016² and by the European Council of December 2016³, namely investing in the resilience of states and societies to the East and South and an integrated approach to conflicts and crises; strengthening security and defence; reinforcing the internal/external policy nexus, with special attention to migration; updating existing or preparing new regional and thematic strategies; and stepping up public diplomacy efforts. Progress in implementing the EUGS in the area of security and defence was swift and substantial with the implementation of the European Defence Action Plan and of the EU-NATO Joint Declaration⁴.

Throughout the year, the EU continued to play a leading role in international efforts addressing crises in Ukraine and providing support to ongoing efforts in Syria, Iraq and Libya. It worked tirelessly with its international partners against the activities of Da'esh.

The EU will support all efforts for a lasting peaceful solution respecting the unity, sovereignty and territorial integrity of the Ukraine and which ensures a stable, prosperous and democratic future for all its citizens. Russia's interference in Ukraine continued to dominate the EU's relations with Russia and the five principles confirmed by the FAC in March 2016 will continue to guide the EU's policy on this country. At the same time, the EU remains committed to maintaining open lines of communication with Russia on international crises, global and other issues that are in the interest of the EU.

In line with the EUGS, the EU contributes to the security of the Union and to sustaining the stability of the MENA region (Middle East and North Africa). The EU will remain committed to, and supportive of, the UN-led peace processes in Syria, Yemen and Libya and supports regional peace initiatives and the search for a two-state solution in the Israeli-Palestinian conflict. The stabilisation of the region, in political, economic, and security related terms, is at the heart of the reviewed European Neighbourhood Policy. The EU will continue to promote external policies and cooperation that enhance the security of the EU and its citizens, focusing on the internal/external security nexus *inter alia* in the areas of counter-terrorism (capacity building and upgraded dialogue with Turkey, the Western Balkans, Lebanon, Tunisia, Egypt and Jordan), non-proliferation and disarmament, cyber security, maritime security and sanctions.

¹ <https://europa.eu/globalstrategy/en/global-strategy-foreign-and-security-policy-european-union>

² <https://europa.eu/globalstrategy/en/eu-foreign-ministers-adopted-common-conclusions-implementing-eu-global-strategy>

³ <http://www.consilium.europa.eu/media/21929/15-euco-conclusions-final.pdf>

⁴ <http://www.consilium.europa.eu/media/21481/nato-eu-declaration-8-july-en-final.pdf>

The EU took forward work on the implementation of the Joint Comprehensive Plan of Action (JCPOA) with Iran to ensure the exclusively peaceful nature of the Iranian nuclear programme, while further bilateral engagement will develop based on the Joint Statement of the HRVP and the Iranian Foreign Minister of 16 April 2016 setting the ground for cooperation across many areas.

In Africa, the EU continued work to tackle the existing vulnerabilities which remain high in view of humanitarian crisis, climate change and drought, insecurity and modest economic growth. Implementation of regional strategies and action plans continued, together with promoting the economic and investment aspects of our relations.

In Colombia, the EU has been supporting the peace process and contributing to peace building efforts which culminated to the signature on 24 November 2016 of the Final Peace Agreement, which the EU will help implement.

2016 has been a year marked by important decisions and by substantial progress in implementing key decisions taken during 2015. The EU addressed these issues with determination in close cooperation with Member States and partner countries, standing by its values and promoting a rules-based global order.

Implementation of the outcome of the Valletta Summit of November 2015 and of the EUR 2.8 billion 'Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa' made substantial progress, including through the Rabat and Khartoum processes. In parallel the EU has strengthened its relations with a series of key countries of origin and transit of migrants in the context of the Partnership Frameworks launched in June 2016. Emphasis was also placed on the implementation of the EU-Turkey Statement agreed on 18 March 2016 and on other refugee crises affecting Jordan, Iraq and Western Balkans. The EU will continue the efforts to ensure an ambitious follow-up to the New York Declaration adopted at the United Nations (UN) General Assembly Summit on Movements of Refugees and Migrations.

The EU remained a strong supporter of multilateralism, having played a very active role in negotiating the UN 2030 Agenda, which has unprecedented global legitimacy as an agreed international framework for tackling a wide range of interconnected global challenges.

The 2030 Agenda builds on and integrates the outcome of the third UN Financing for Development Conference in Addis Ababa and links into the successful Paris Agreement on climate change. Proposals on key policy initiatives were launched in 2016, including on Sustainable Europe and the Sustainable Development Goals (SDGs), on the new European Consensus for Development, on the European External Investment Plan and on relations between the EU and African, Caribbean and Pacific (ACP) states after 2020 where finalising the decision process will be a priority for 2017. As stated in the New Consensus, the EU will integrate climate change issues into its development cooperation, so to contribute to the implementation of the Paris Agreement, which entered into force on 4 November 2016.

A strong promoter of human rights and democracy, the EU undertook human rights dialogues and consultations with 43 partner countries and regional groupings and continued supporting human rights civil society organisations and human rights defenders. In 2016, the EU progressed on the democracy support pilot exercise in 12 partner countries, aiming at better coherence and consistency of democracy work delivered by the EU institutions and EU Member States. A major output of the exercise was that democracy now features more prominently in the Human Rights and Democracy Country Strategies. During 2016, the EU continued to support electoral processes across the world by deploying six Election Observation missions (EOM), nine Electoral Expert missions and three Election Follow-up Missions. A special focus was given to the follow-up to EOM recommendations: in line with the 2015-2019 EU Action Plan on Human Rights and Democracy, the EU worked on consolidating 'best practices' on the follow-up of EOMs. It also took further steps towards applying a more effective human rights-based approach to development cooperation.

To address the crisis in Syria, the European Union and its Member States committed EUR five billion up to the end of 2016 to assist the Syrian people inside the country as well as refugees and the communities hosting them in neighbouring countries. The EU pledged an additional EUR three billion in early 2016 in response to what has been the worst humanitarian crisis Europe has seen since World War II. The EU will present a strategy for Syria and organise an international conference in 2017.

At the end of 2016, the EU had 18 Common Security and Defence Policy (CSDP) civilian and military missions and operations in place, of which three were military operations: Operation Althea (Berlin Plus), EUNAVFOR ATALANTA & EUNAVFOR MED SOPHIA; the latter contributing to the disruption of the business model of human smuggling and trafficking networks in the Southern Central Mediterranean and EUMAM CAR is focusing on military advice and assistance to the Central African Republic (CAR) authorities and preparing the ground for their security sector reform.

The world-wide trend of increasing human-made and natural disasters continued in 2016. The EU and its Member States remained the world's largest provider of humanitarian funding. The EU's humanitarian aid budget in 2016 was the highest ever, at EUR 2.3 billion (including EDF reinforcements). The European Commission provided relief assistance including food, shelter, protection, healthcare and clean water to more than 120 million people in over 80 countries. The 2017 humanitarian budget will continue to provide needs-based, life-saving assistance throughout the world, assisting people affected by other conflicts, such as in South Sudan and Ukraine, as well as addressing the needs of communities affected by complex and recurring crises in the Horn of Africa, in the Sahel region and Lake Chad Basin, and other fragile areas.

The EU delivered on crisis prevention not only in high-priority crises (like Ukraine, Syria/Iraq, Libya, Central African Republic and the Sahel), but also in connection with natural disasters as well as in protracted and lower-intensity crises (Central Asia Water Mediation, Georgia, Nagorno-Karabakh, and Turkey-Armenia).

The EU and its Member States remained the world's largest provider of development funding. The European Commission alone disbursed over EUR 10.3 billion in official development assistance (ODA) in 2016 promoting European core values of peace, security, sustainable development, poverty reduction and human rights worldwide, and thus tackling the root causes of crisis.

1. DELIVERING ON COMMITMENTS

1.1. EU as a stronger global actor – policies and instruments

The EU's external action is guided by the Lisbon Treaty and taken forward by the EU Global Strategy on foreign and security policy. Its priorities are currently being implemented by adopting a joined-up approach that brings together all EU institutions and Member States in working towards a more peaceful and prosperous world. The European Union focuses its action on diplomacy, the promotion of human rights, trade, development and humanitarian aid and working with multilateral organisations. As a contributor to peace, the EU has led and supported peace talks around the world to facilitate solutions in conflicts such as the historic international agreement that was reached on Iran's nuclear programme and the peace agreement between the Government and the *Fuerzas Armadas Revolucionarias de Colombia* (FARC) movement in Colombia.

Through its European Neighbourhood Policy, the EU promotes democracy, good governance and human rights while opening trade and cooperation with our southern and eastern neighbours in many policy areas, including on migration and visa issues. The EU is also the largest single donor of development aid. Together, the EU and its Member States provide more than half of official development assistance (ODA) globally. This contribution makes a huge difference to millions of people's livelihoods around the world.

The EU and its Member States are also the world's largest donor of humanitarian aid. They provide life-saving needs-based humanitarian aid to the victims of disasters, refugees and others in dire need. Particular attention is given to the most vulnerable populations, i.e. children, women, elderly, people with disabilities.

The EU is a steadfast supporter of a rules based global order, with the United Nations at its core. It works with partners around the globe to implement the SDGs and the Paris Agreement on tackling Climate Change. Human Rights and Gender Equality as well as support for Women Peace and Security are central elements of all EU policies.

Under the Common Security and Defence Policy (CSDP), the EU operates civilian and military missions worldwide. These missions carry out a variety of tasks, ranging from supporting the management of borders to training local police. The respect for Human Rights and International Humanitarian Law (IHL) is an essential part of CSDP military EU Training Missions (EUTMs) training currently to Somalia, Mali and CAR.

The attractiveness of EU membership and the political and economic stability it brings have meant that many European countries continue to aspire to join, although they must first pass through EU membership tests, including on democracy and the rule of law.

1.1.1. Foreign Policy

During 2016, the European Union's Common Foreign and Security Policy focused above all on continuing the quest for solutions to the acute crises affecting the EU's neighbourhood whilst protecting and defending human rights, as well as on building and strengthening peace and stability globally including via CSDP missions and operations. To the east, Russia's violation of international law and the destabilisation of Ukraine, on top of protracted conflicts in the wider Black Sea region, challenged the European security order to its core. To the south, EU efforts continued to try to bring the conflict in Syria to a close, seen as both a major security risk to global stability and a source of mass movement of people fleeing to safety.

Otherwise, the EU foreign policy focused on capitalising on positive political developments, such as in Iran, where work continued the implementation of the Joint Comprehensive Plan of Action (JCPOA) and renewing bilateral relations. Other priorities included advancing the EU's work in Libya. Building

on an already active role in Africa, the EU continued to strengthen peace and resilience including through CSDP missions and operations. The Brussels Afghanistan conference in October 2016 was an important opportunity to foster peace, stability and security. The EU also continued to pursue its strategic interest through fostering dialogues on values and global challenges and priority policy areas with key partners across the world. The EU acknowledged the importance of an international system based on multilateralism and pursued active engagement with the United Nations.

1.1.2. International Cooperation and Development

Following an evaluation of the European Consensus, in 2016, the Commission presented a Proposal for a new European Consensus on Development⁵, which aligns European Union (EU) development policy with the 2030 Agenda⁶. Once adopted in the form of a Joint Statement by the representatives of Member States meeting within the Council, the European Parliament and the Commission, the Consensus will provide a common vision and framework of action for development policy, which will apply to the EU and its Member States.

The Commission and the High Representative also released the Communication 'A renewed partnership with the countries of Africa, the Caribbean and the Pacific'⁷, which sets out the ideas and proposed building blocks for a strong political partnership with these countries.

The EU further promoted Joint Programming, Budget Support, investments (blending) and EU Trust Funds (TF) as significant tools to reduce aid fragmentation and maximise the coherence, impact, effectiveness and visibility of EU development support. A new EU TF was established for Colombia in support of that country's peace building efforts. The Commission also put forward a proposal for an ambitious European External Investment Plan for sustainable investment in Africa and the European Neighbourhood⁸.

Strengthening the strategic Africa-EU Partnership remained high amongst 2016 political and cooperation priorities and the EU continued its efforts to boost sustainable and inclusive growth across the African continent.

In 2016 the EU has also increased its focus on the security-development nexus in the design of its programmes. Working towards a new comprehensive policy on migration continued to be one of the EU's top policy priorities.

1.1.3. European Neighbourhood Policy

2016 has seen the roll-out of the revised European Neighbourhood Policy (ENP)⁹, which puts stabilisation in the neighbouring countries as the EU's main political priority, to be advanced through a continued focus on good governance, democracy, human rights and the rule of law, enhancing economic governance, stronger cooperation on security and cooperation on migration and mobility and proposes to build a more effective partnership between the EU and its neighbours. The Commission has also engaged with all neighbourhood countries through continuing political dialogue and by providing additional guidance and support in their reform efforts. Finally, preparatory work was undertaken in view of the adoption of a horizontal, region-wide Joint Communication in 2017.

The Annual Action Programmes 2016 of the European Neighbourhood Instrument (ENI) already incorporated the main outcomes of the ENP review addressing security, migration, economic reform and support to public governance. Most of the countries have committed to critical reforms and positively engaged in the modernisation of their public administrations and justice systems including stepping up efforts in the fight against corruption. In parallel, to establish common agreement with partner countries, the Commission Services and the European External Action Service (EEAS) have

⁵ COM(2016) 740 final, 22.11.2016

⁶ *Transforming our world: the 2030 Agenda for Sustainable Development*, Resolution adopted by the General Assembly on 25 September 2015 (UNGA A/RES/70/1)

⁷ JOIN(2016) 52 final, 22.11.2016

⁸ https://eeas.europa.eu/sites/eeas/files/state_of_the_union_2016_external_investment_plan_factsheet.pdf

⁹ http://europa.eu/rapid/press-release_IP-17-1334_en.htm

engaged in negotiations on new Partnership Priorities and decided to bring forward, where possible, the multi-annual programming exercise to 2017.

2016 was also marked by increased efforts by Commission Services to strengthen the Eastern Partnership and support regional cooperation between southern neighbours, including through the Union for the Mediterranean (UfM). For the Eastern Partnership (EaP), a document on 20 deliverables due by 2020 was adopted in December 2016 as a preparation for the next EaP summit in 2017. In the South, cooperation with the UfM has continued to focus on women's empowerment, youth employability and sustainable development.

The first UfM Ministerial Meeting on Regional Co-operation and Planning took place in Jordan in June and resulted in state partners committing to a stronger regional cooperation framework with the emphasis on substantive initiatives and projects. In September, the Commission proposed to set up a new European External Investment Plan to stimulate investments in the Neighbourhood (and in Africa) for growth and job creation.

1.1.4. Humanitarian aid and Civil protection

In 2016, humanitarian crises again increased in number, complexity and severity. The Syria crisis as well as several protracted conflicts in Africa, generated humanitarian needs on an unprecedented scale; and these were compounded by long-term global mega-trends such as climate change and population growth in many of the most vulnerable parts of the world. In this context, the EU's humanitarian aid budget in 2016 was the highest ever, at EUR 2.3 billion (including EDF reinforcements), and 2016 also saw significant further development of the EU Civil Protection Mechanism. The EU's humanitarian response saw several important developments such as the establishment of the Facility for Refugees in Turkey (including the largest-ever, cash-based humanitarian programme funded by the EU), as well as significant innovation in the EU's policy approach to long-term forced displacement, and a new policy on humanitarian protection. The EU also committed itself to the "Grand Bargain" on humanitarian effectiveness and efficiency at the World Humanitarian Summit, in May 2016¹⁰. The EU's Civil Protection Mechanism, meanwhile, was further enhanced by the creation of the European Medical Corps and by the further development of the "voluntary pool" of Member States' response assets. The Mechanism as such was activated 26 times in 2016 to respond to natural and man-made disasters around the world.

1.1.5. EU Enlargement

The EU's enlargement policy is an investment in peace, security and stability in Europe. According to Article 49 of the Treaty on European Union, any European State which respects the values referred to in Article 2 of the treaty and is committed to promoting them may apply to become a member of the EU.

The current enlargement agenda covers the countries of the Western Balkans and Turkey. Accession negotiations have been open with Turkey since 2005. However, under the prevailing circumstances the EU is currently not working on opening new chapters, which would require a unanimous decision by Member States. Accession negotiations have been underway with Montenegro since 2012 and with Serbia since 2014. The EU accession process with the former Yugoslav Republic of Macedonia (a candidate country since 2005) remains at an impasse. Albania was granted candidate status in 2014. Here progress in implementing judicial reform, in particular the vetting of judges and prosecutors, is crucial for the opening of accession negotiations. A Stabilisation and Association Agreement (SAA) with Bosnia and Herzegovina entered into force in June 2015 and the country submitted a membership application in February 2016; the process of preparing a Commission Opinion is ongoing. An SAA with Kosovo was signed in October 2015 and entered into force in April 2016.

¹⁰ http://europa.eu/rapid/press-release_IP-16-1847_en.htm

Enlargement is a process built on established criteria and lessons learned from the past. It supports candidate countries and potential candidates in carrying out the reforms and fundamental changes needed to meet the obligations of European Union membership. Ensuring future Member States are well prepared is crucial for the credibility of enlargement policy, as well as for public support in both current and future Member States. The main tool for the Commission's assessment and guidance is the annual Enlargement package, with a focus on "fundamentals first", ensuring that early in the accession process, countries prioritise reforms in the key areas of rule of law, fundamental rights, strengthening democratic institutions, including public administration, as well as economic development and competitiveness. In 2016, reporting was extended to areas linked to economic development (free movement of goods, competition, transport, energy), as well as to migration, border control, asylum and the fight against terrorism and environment and climate change.

In the 2016 Enlargement package, the Commission noted that there have been efforts to modernise legal frameworks and infrastructure and provide training to the judiciary, that fundamental rights continue to be largely enshrined in legislation, that economic growth has improved in the Western Balkans and that regional cooperation has increased further, fostering political stabilisation and economic opportunities. However, effective implementation is often lacking in many areas.

Enlargement policy continues to deliver results and reforms are moving forward in most candidate countries, albeit at different speeds. Given the complex nature of the necessary reforms, it is a long-term process and structural shortcomings persist, notably in the key areas of rule of law and the economy.

1.1.6. Security and Defence

HRVP Mogherini presented the EU Global Strategy to the European Council in June 2016. The subsequent informal meeting of Ministers of Defence in Bratislava provided full support to the HRVP to develop a follow-up strategy in the field of security and defence. This proceeded along three tracks: the security and defence follow-up (defining the level of ambition, the capabilities underpinning it and the instruments to attain them); the European Defence Action Plan led by the Commission; and the implementation of the EU-NATO Joint Declaration.

The strategy was progressed through an open process of consultation with Member States, leading to the presentation and endorsement of the Implementation Plan at the November 2016 Foreign Affairs Council and the endorsement of the European Council in December.

The Implementation Plan, endorsed by Foreign Affairs Ministers in November 2016, set new levels of ambition: to respond to external crises; build capacities of partners; and protect Europe. It proposed a set of comprehensive actions to underpin the level of ambition: notably on capability development priorities, deepening of defence cooperation, further adjusting structures, tools and financial instruments and actively taking forward CSDP partnerships.

The December European Council endorsed the overall defence package. Having received the highest level of political support, the implementation of the EU Global Strategy in the area of security and defence was to be taken up in early 2017, notably on civilian capability development and enhancing responsiveness of civilian crisis management, a review of the Capability Development Plan, European Defence Action Plan, a Coordinated Annual Review on Defence, strengthening European defence cooperation, an EU-funded defence research programme (European Defence Fund), the establishment of a permanent operational planning and conduct capability for non-executive military missions (MPCC), reinforced EU situational awareness, better use of multinational headquarters, strengthening the EU's rapid response toolbox (Battlegroups), revision of the ATHENA mechanism, Capacity Building in Support of Security and Development, Permanent Structured Cooperation, and a more strategic approach towards CSDP partnerships.

As regards the EU-NATO cooperation, the implementation of the Joint Declaration signed by EU and NATO leaders in Warsaw, in July 2016, was taken up in the second half of 2016. The EU-NATO Joint Declaration signed by the three leaders (President of the European Council, President of the

European Commission and the Secretary General of NATO) on 8 July identified seven priority areas where concrete results are expected. These comprise: countering hybrid threats, operational cooperation, cyber defence, defence capabilities (aligning defence planning processes), defence industry and research, exercises (parallel and coordinated), and defence capacity building for partners. Along these seven priorities the common set of proposals endorsed by the European Council in December 2016 identified a further 42 actions. The implementation of these 42 actions will lead to the HRVP's and the NATO Secretary General's joint report to the respective Councils in June 2017.

1.1.7. Making a difference: new instruments and aid modalities

In a world that is constantly facing uncertainties and crises, Europe must stand together and play an active role in shaping global change. Together and in support of EU external policies, the external financing instruments funded by the EU budget and the European Development Fund aim to make the EU an active partner on the world stage and ensure it can help safeguard world-wide public goods and promote its values of democracy, human rights, peace, solidarity, stability and poverty reduction.

The EU and its external financing instruments focus their work with external partners on four policy priorities: enlargement, neighbourhood, cooperation with strategic partners and development cooperation. The instruments were designed to facilitate policy implementation and provide the flexibility to respond to new priorities and challenges as they emerge. In 2016, to check the instruments are still fit for purpose, a mid-term review was launched which will culminate with a report in 2017.

The Commission has committed itself to increase the share of EU aid through innovative financial instruments. Therefore, during 2016, the Commission has continued to carry out exhaustive work together with development finance institutions and other stakeholders to identify specific instruments, key areas and sectors where blending can be increasingly used. In particular, an External Investment Plan was proposed in 2016 to encourage investment in Africa and the EU Neighbourhood region; strengthen partnerships with external partners and contribute towards the achievement of the Sustainable Development Goals; and help address some root causes of migration.

1.2. Fostering sustainable development

1.2.1. Implementing the 2030 Agenda

In 2016, the European Commission developed its approach to implementing the 2030 Agenda internally and externally and, in November, adopted two Communications: 'Next steps for a sustainable European future'¹¹ covering both internal and external EU actions; and 'Proposal for a new European Consensus on Development', which set out a common approach to development cooperation policy for the EU and its Member States. In addition, the 2016 Global Strategy for the EU's Foreign and Security Policy¹² provided the strategic vision for the EU's external action.

The draft Consensus relates to EU and Member States' development partnerships with all developing countries, including in the Neighbourhood. It is structured around the priorities framing the 2030 Agenda: people, planet, prosperity, peace and partnerships. It highlights key drivers with transformative potential, including gender equality, youth, sustainable energy and climate action, investment, innovation and mobility. It underlines the nexus between development and issues such as peace, humanitarian action and migration. It recognises the need to mobilise all means of implementation and puts emphasis on stronger, differentiated partnerships with a wide range of stakeholders and partner countries, including with more advanced developing countries.

¹¹ COM(2016) 739 final, 22.11.2016

¹² <https://europa.eu/globalstrategy/en/global-strategy-promote-citizens-interests>

The draft will be discussed with the Council and with the European Parliament, with a view to signing a Joint Statement on an agreed new Consensus by June 2017. When adopted, the Consensus will guide future EU implementation of the Agenda through all relevant external instruments.

In international discussions, including at the United Nations (UN) High Level Political Forum and the UN Statistical Commission, the EU continued to promote implementation of the 2030 Agenda and effective monitoring of progress.

1.2.2. The means of implementation of the new Agenda: Addis Ababa Action Agenda

The EU continued to play a leading role in UN financing for development (FFD) negotiations in 2016. This included high-level participation at the first UN Financing for Development Forum, which reviewed progress against the Addis Ababa Action Agenda (AAAA) on development financing, as well as work to strengthen the UN follow-up processes and support the UN's Inter-Agency Task Force on FFD.

The EU has continued to emphasise the key elements of the AAAA in UN discussions, in particular that it is an integral part of the 2030 Agenda, setting out the means of implementation needed to fulfil the Sustainable Development Goals. These include public, private, domestic and international financial sources, as well as a commitment to good policies and policy coherence.

The EU has been active in working towards its own AAAA commitments in 2016. Official Development Assistance (ODA) provided by the EU and its Member States reached EUR 75.5 billion last year, an 11 % increase compared to 2015 and its highest ever level to date. In 2016, collective EU ODA represented 0.51 % of EU Gross National Income (GNI), having increased from 0.47 % in 2015. This is a significant positive step towards the EU's collective commitment to reach 0.7 % ODA/GNI within the time frame of the 2030 Agenda.

In line with the AAAA, the EU's actions in 2016 have also helped to bring together aid, investment, trade, domestic resource mobilisation and good policies. Examples include, the EU's Domestic Resource Mobilisation programme, the proposed EU External Investment Plan to leverage more private sector investment in developing countries, the continuation of "duty free and quota free" market access to Least Developed Countries and the efforts to increase aid efficiency through EU joint programming.

1.2.3. Policy Coherence for Development (PCD)

Taking account of development objectives in EU policies that are likely to affect developing countries, known as Policy Coherence for Development (PCD), is enshrined in the Treaty of the European Union (TEU). The EU aims to minimise contradictions and build synergies between different EU policies to the benefit of partner countries.

In 2016, the Commission continued promoting PCD to ensure better consistency between EU policies and development objectives. In the light of the 2030 Agenda, PCD was included in the new policy framework. Both communications 'Next steps for a sustainable European future'¹³ and the 'Proposal for a new European Consensus on Development'¹⁴ highlight PCD as an important contribution to the collective effort to achieve broader policy coherence for sustainable development.

Outreach efforts continued to increase knowledge on PCD, namely through an e-learning tool for better targeting staff in EU Delegations and also available to external stakeholders.

An exchange of views took place with the European Parliament on the 2015 EU PCD report and on its resolutions on PCD adopted in June 2016. The PCD report has been further disseminated with the publication of the French and German versions.

Reporting from EU Delegations has been further streamlined and reinforced with an extension of coverage to include Southern and Eastern Neighbourhood countries.

¹³ COM(2016) 739 final, 22.11.2016

¹⁴ COM(2016) 740 final, 22.11.2016

A strategic evaluation on PCD covering the period 2009-2016 was launched in 2016. This will look at tools and mechanisms to enhance PCD, the influence that they had on EU policies and the potential impact on developing countries. The aim is to provide an independent assessment of the EU's actions to improve the outcomes and impact of relevant EU policies.

1.2.4. Development effectiveness and Joint Programming

Effective Development Cooperation

In November 2016 Council conclusions were adopted regarding action by the EU and its Member States to prepare for the Nairobi High Level Meeting of the Global Partnership for Effective Development Cooperation (GPEDC) and to further the implementation of the development effectiveness principles country ownership, results, transparency and inclusive development partnerships, and the leave no-one behind agenda. The study 'Effective Development Cooperation - Has the European Union delivered?'¹⁵ provides a detailed analysis of the progress made so far by the Commission and Member States in meeting their commitments. The Commission represents the EU providers' constituency in the framework of the Global Partnership for Effective Development Cooperation.

Joint Programming

Joint Programming is increasingly recognised as a means to increase the coherence and effectiveness of the EU and Member State development cooperation and to enhance the EU's political clout and voice in partner countries. Overall, Joint Programming has been progressing in 56 partner countries covering all regions with 20 joint strategies signed or in the process of being signed.

In May 2016, Council Conclusions were adopted on stepping-up Joint Programming¹⁶. They called for consolidation and expansion of Joint Programming, including in fragile and conflict countries, as well as to accompany partner countries in transition to higher income levels. Also, the Council Conclusions asked that Joint Programming documents should evolve to include strategic issues, such as migration, climate change, security and democracy.

At the end of 2016, the analysis of 65 Heads of Mission reports from EU Delegations showed that EU partners were increasingly recognised as a unified 'European family' with Joint Programming credited for improving coordination, improved division of labour and visibility, as well as making an impact on the quality of the policy dialogue with the partner country.

1.3 Keeping long-term promises

1.3.1. Human rights and good governance

The 2030 Agenda and its pledge to "leave no one behind" is grounded in international human rights norms and principles of non-discrimination, equal access, participation, accountability, access to the rule of law, and transparency. This resonates perfectly with the continued efforts of the Commission to progressively apply a rights-based approach in its development programmes¹⁷, to make them more sustainable and effective, as well as in line with the Sustainable Development Goals (SDGs). 11 Delegations have been trained on the rights-based approach during 2016, and 25 Delegations should be trained by the end of 2017.

A new multi-sector approach has been introduced in 2016 to fight corruption. The idea is to further strengthen connexions across a wide array of sectors – justice, public administration reform, security sector reform, improvement of the business environment and customs reform – and actors exercising some form of oversight and control function – civil society, media, whistle-blowers, Supreme Audit Institutions, and Parliaments.

¹⁵ https://ec.europa.eu/europeaid/effective-development-cooperation-has-european-union-delivered_en

¹⁶ <http://data.consilium.europa.eu/doc/document/ST-8831-2016-INIT/en/pdf>

¹⁷ SWD(2014) 152 final, 30.4.2014

Case study – Better governance in Benin

Based on recommendations by Transparency International, the Good Governance and Development Contract for Benin launched in 2016 brings under one roof support to Public Financial Management (PFM), justice and the private sector to help improve Benin's overall integrity mechanisms.

Supporting our partners to transform their security systems is also key for improving their governance. Upholding fundamental freedoms and assessing in a participatory way the security needs of different groups, including the most vulnerable, are among the key objectives of the new EU-wide strategic framework to support the Security Sector Reform (SSR)¹⁸. This overarching and comprehensive strategy now guides the identification, planning and implementation of all EU SSR-related activities in partner countries.

1.3.2. Poverty and inequality

Extreme poverty continues to shrink worldwide, but remains widespread in Africa, especially Sub-Saharan Africa. In 2013, 767 million people were estimated to have been living below the international poverty line¹⁹. This corresponds to 10.7 % of the global population, down by 1.7 % from the 2012 headcount ratio and a decline of around 14 % in the global poverty population. The substantial decline is mostly due to the lower number of the extreme poor in East Asia and Pacific (71 million fewer) and South Asia (37 million fewer), while the number in Sub-Saharan Africa fell by only four million (a 1.6 %).

Income inequality between countries has also been declining in recent years, but remains high. Within developing countries, however, income inequality as measured by the GINI coefficient²⁰ increased on average by 11 % between 1990 and 2010, affecting the well-being of 71 % of the world population. Inequalities can hamper growth, macroeconomic stability and poverty reduction, and can lead to political and economic instability.

The EU is strongly committed to poverty eradication and fighting inequality, as testified by the EU proposal for a new European Consensus on Development. As stated in the proposal, eradicating poverty in all its dimensions, tackling discrimination and inequalities and leaving no one behind will remain at the heart of EU development cooperation policy.

1.3.3. Gender equality

The EU's long commitment to gender equality and women and girls' empowerment continues directing development cooperation and international relations. The renewed Gender Action Plan for External Action 2016-2020²¹ fosters inclusion of gender perspectives in EU programmes design as well as in policy and political dialogue with partner countries and in international negotiations. It provides tools for the attainment of SDGs, not only to SDG5, but as a cross-cutting aspect of all SDGs and consolidates policy commitments to gender equality into more effective delivery of results, while promoting more efficient coordination and monitoring of EU activities in this area.

The Action Plan's implementation began in full in January 2016. Support was made available for services to commission or update national gender analysis studies as an important basis for quality project design. Commission Services have progressed in selecting thematic objectives from the Action Plan which they are pursuing through cooperation. The EU results framework was reviewed with an increased focus on disaggregation of results by sex for better monitoring of gender results. Other measures were taken such as the revision of EU templates and procedures to include clearer

¹⁸ JOIN(2016) 31 final, 5.7.2016

¹⁹ USD 1.90 per person per day

²⁰ **Gini coefficient:** Measure of the deviation of the distribution of income among individuals or households within a country from a perfectly equal distribution. A value of 0 represents absolute equality, a value of 100 absolute inequality. UNDP. Human Development Report 2016 - Human Development for Everyone. UNDP. New York, 2016.

²¹ SWD(2015) 182 final, 21.9.2015

instructions on gender, training on integrating gender dimensions, a greater collaboration on gender quality and women's empowerment between EU Delegations and Member States in partner countries.

Results in gender mainstreaming in project design are improving across delegations and services with more focused attention.

Case study – Mainstreaming gender issues in Zambia

The Zambia EDF portfolio is an example of good practice in progress on gender mainstreaming, with consistent attention to gender across the different programmes and activities, for example, attention to women traders in the agriculture sector, a focus on gender in governance, and the integration of gender issues in the policy dialogue. The following elements played a role:

- Strong policy and good guidelines by the Commission.
- A strong focus by selected EU Member States on gender allowing for alignment on gender issues.
- Gender champions at different levels within the organisation including at senior level in the delegation and at headquarters, as well as some champions within the Zambian Government.
- The existence of an internal EU delegation Quality Support Group which meets regularly and facilitates dialogue and exchange on gender across different sectors, and allows for the identification of opportunities.

Technical support to gender through a dedicated focus person who also provides monitoring and evaluation support.

The gender analysis studies in the cooperation focus sectors are paving the way for more focused sectoral responsiveness to gender equality needs.

Case study – Updating of gender country profile in Guinea

In Guinea, the gender country profile elaborated in 2016 was used to feed into the Annual Action Programmes 2016 and 2017. The gender analysis focused on the three focus sectors of the EU National Indicative Programme (health, governance, and sanitation). As a result, four programmes formulated under the 11th EDF Annual Action Programme 2017 are designed to respond to gender-specific recommendations: Urban sanitation, Support to Health Programme, Support to Security Sector Reforms Programme (PARSS 3); and a State Building Contract (Budget Support and accompanying measures).

1.3.4. Climate Change

Climate change is a major global challenge. It impacts developing countries and risks undermining sustainable development. In 2015, the Paris Agreement was approved: a major international achievement. Climate change is also one of the 17 Sustainable Development Goals (SDG13: Take urgent action to combat climate change and its impacts). In 2016, the EU has integrated this new framework in its external actions. The European Commission proposal for a new European Consensus on Development, which will guide the EU and its Member States development cooperation over the next decade, confirms these international commitments and gives high prominence to Climate Change.

The EU external action approach to address climate change is multi-dimensional and merges policy dialogue, specific climate action and mainstreaming.

In Policy Dialogue, the EU has strengthened its outreach through the Green Diplomacy Network and now builds on the synergies between energy and climate diplomacies. The EU flagship initiative Global Climate Change Alliance (GCCA+) updated its strategy to reflect the Paris Agreement and SDG13 with a focus on Nationally Determined Contributions (NDCs), and organised a global learning event in Brussels in September with over 250 participants from 45 countries.

Specific climate actions are implemented in support to developing countries and emerging economies. The GCCA+ has approved seven new country actions in 2016, continuing its support to the most vulnerable countries (Small Island Developing States (SIDS) and least developed countries (LDCs)). Under the Partnership Instrument, the EU continued to adopt new climate actions with strategic partners such as China, Brazil, Mexico and Korea. These actions underpin the global lead role of the EU in addressing climate change and supporting the transition towards low carbon economies.

Special efforts are made to integrate climate change into the other areas of EU external action. The energy sector is exemplary since all new actions focus exclusively on renewable energy and energy efficiency. Commission Services contribute fully to the overall EU objective of at least 20 % of all its spending to be climate-relevant.

In total, contributions from the EU and its member states to support developing countries in reducing their greenhouse gas emissions and coping with the impacts of climate change stood at EUR 20.2 billion in 2016 (out of which EUR 2.7 billion from the EU budget and the European Development Fund, and EUR 1.9 billion from the European Investment Bank).²²

The specific climate actions are complementary with broader measures to address long term environmental pressures, e.g. water scarcity and land degradation, which often are reinforced by climate change. Actions such as a new project on Improving climate resilience in a fragile context through the Water – Security Nexus are therefore important.

1.3.5. Migration

In 2016, the European Union stepped up efforts to deliver on its commitments in the area of migration, notably in line with the 2015 European Agenda on Migration²³.

The new results-oriented Partnership Framework was launched in June, setting up a reinforced EU approach on migration cooperation with priority partner countries. Combining immediate and longer-term measures, it aims at saving lives, combatting smuggling and trafficking, and addressing the root causes of irregular migration and forced displacement.

In April 2016, the Commission published its Communication 'Lives in Dignity: from Aid-dependence to Self-reliance; Forced Displacement and Development',²⁴ which establishes a strengthened EU development oriented approach on forced displacement. This policy framework, which includes support to both displaced populations and host communities, represented an important EU contribution to the World Humanitarian Summit that took place on 23-24 May 2016.

Fully in line with the 2030 SDG Agenda, the Commission's proposal for a new European Consensus on Development acknowledges the important role of development policy in addressing global challenges. In this context, migration, mobility and forced displacement are reflected as focus areas to address both the challenges and opportunities of migration for development.

Overall, the European Union in 2016 considerably consolidated and reinforced its policy and operational approach on migration cooperation with developing partner countries. At internal EU level, coordination within and between EU services, as well as with EU Member States was strengthened,

²² <http://www.consilium.europa.eu/en/press/press-releases/2017/10/17/climate-finance-eu/>

²³ COM(2015) 240 final, 13.5.2015

²⁴ COM(2016) 234 final, 26.4.2016

ensuring policy coherence and efficient delivery. Externally, migration and forced displacement became a key feature of political dialogue between the EU and partner countries.

1.4. Working for peace and security

1.4.1. Security

The Instrument contributing to Stability and Peace (IcSP) contributes to the achievement of the Commission objectives of "EU as a Stronger Global Actor" by addressing specific global and trans-regional threats to peace, international security and stability in line with the Global Strategy for the European Union's Foreign and Security Policy.

A key principle in defining IcSP actions is their added value in strengthening the internal and external security dimension, which is strongly prescribed in the recent European Agenda on Security and further highlighted in the relevant thematic strategies of the EU. In addition, in the wake of the recent Joint Communication on Countering Hybrid Threats²⁵, some IcSP actions under Article 5 of the EU Treaty are tailored to directly increase third countries' resilience and preparedness to protect their strategic assets in cases of potential hybrid attacks.

Within this framework, the IcSP under Article 5 covers the following objectives as outlined in the relevant Multiannual Indicative Programmes: a) Counter terrorism; b) Fight against organised Crime; c) Protection of Critical Infrastructure; d) Climate Change and Security; and e) Chemical, Biological, Radioactive and Nuclear (CBRN) risk mitigation.

In 2016, Commission Services rolled out the revised European Neighbourhood Policy, which places a stronger emphasis on security. The already substantial cooperation portfolio in that area was further strengthened, mobilising various financial instruments (mainly the ENI and IcSP), complemented with Common Foreign and Security Policy (CFSP), Common Security and Defence Policy (CSDP) and enhanced political dialogue. At the same time, the focus of EU action in candidate countries remains on the rule of law, including security (as reaffirmed in the 2016 Enlargement package).

Security and Development nexus: In July 2016, the Commission adopted a proposal amending Regulation (EU) No 230/2014 establishing an Instrument contributing to Stability and Peace (IcSP), known as the "capacity building for security and development (CBSD) proposal". The purpose of the proposal is to extend the Union's assistance under the IcSP by allowing for the financing of measures in support of CBSD, fostering the reform of the security sector (providing both equipment and training) in partner countries where the establishment of just, peaceful and inclusive societies – conditions conducive for development – cannot be achieved without working with, for example, military partners, and where there is a consensus with the partner country that this is the right approach.

The proposal forms part of a broader package that covers elements for an EU-wide strategic framework to support for Security Sector Reform (SSR).

The Council adopted on 7 December 2016 a mandate for negotiations with the European Parliament. Deliberations at the European Parliament started in March 2017 with a view to a vote on their mandate in plenary in September 2017 to pave the way for the subsequent tri-party talks.

1.4.2. Fragility

Overall context and results

The 2016 Commission Communication for a 'New European Consensus on Development' strengthens the fight against fragility by focussing on resilience, sustainability, poverty, and crises, and citing them as "global challenges and trends" in line with the 2030 Agenda. The proposed "five Ps" - People, Planet, Prosperity, Peace and Partnership - are development priorities compatible with the revised international framework defined for fragility by the Organisation for Economic Cooperation

²⁵ JOIN(2016) 18 final, 6.4.2016

and Development (OECD)²⁶ as well as the Commission Service's methodology²⁷ for crisis or conflict risks.

Implementation

During 2016, implementation work continued on:

- A. The annual crisis declaration also called the "flexible procedure" that enables, with appropriate justifications, fragile countries and those countries affected by conflict to benefit from simplified and faster procedures due to local difficult conditions, was streamlined and the annual list was adopted within the set deadline.
- B. The implementation of the 'Commission Action Plan for Resilience in Crisis Prone Countries which included:
 - Sustained coordination between humanitarian and development assistance
 - Organising a Resilience Forum in June 2016 as part of the European Development Days (EDDs) in collaboration with the World Bank.
 - Integration of resilience into programming and actions, and cooperation on the ground between the EU institutions and Member States.
 - Good progress in several areas, in particular related to food security (programmes *Alliance Globale pour l'Initiative Resilience* (AGIR) and Supporting Horn of Africa Resilience (SHARE), climate change (programme GCCA) and disaster risk reduction.
 - Substantial work has also been done in the area of state and societal resilience with aid instruments ranging from budget support to partnership projects implemented by local authorities or civil society organisations.
 - Exploring private sector development or innovative risk financing in vulnerable, fragile and conflict affected environments.
- C. More intensive use of Trust Funds in countries affected by fragility and conflict (e.g. Trust Fund Bekou, and Sahel).
- D. International partnerships. Building and reinforcing the global partnership, investing in resilience, and bridging the gap between humanitarian and development work in line with the core commitments put forward by the United Nations at the World Humanitarian Summit in May 2016 in Istanbul.
- E. Supporting the International Dialogue for Peace Building and State building (IDPS) to improve current development policy and practice in situations of fragility through implementation of the New Deal for Engagement in Fragile States adopted in Busan in 2011. The IDPS is a unique tri-partite partnership between a group of 20 countries at risk of conflict and fragility (G7+), international development partners (OECD's Development Assistance Committee's (DAC) International Network on Conflict and Fragility (INCAF)) and civil society (CSPPS). The European Commission represents the EU in INCAF and in the IDPS and has been a firm supporter of the New Deal since the beginning. The IDPS was the main promotor for inclusion of SDG16 in Agenda 2030, which was reconfirmed in Stockholm in April 2016. In November, the EU agreed to take over the co-chair of the implementation working group of the IDPS from 2017 for the next two years alongside the Central African Republic (CAR) on the G7+ side.

²⁶ See table 1.1 http://www.keepeek.com/Digital-Asset-Management/oced/development/states-of-fragility-2016_9789264267213-en#.WK6zWP6QyUk

European Consensus	People	Planet	Prosperity	Peace	Partnership
OECD Fragility dimensions	Societal	Environmental	Economic	Security	Political

²⁷ <http://conflictrisk.jrc.ec.europa.eu/Methodology>

- F. The European Commission's contribution has run through all SDGs relevant to fragile countries including gender equality and women's empowerment (SDG5) and the "promotion of peaceful and inclusive societies for sustainable development", (SDG16), and also all other SDGs, through the internal "Assessment of EU policies and actions related to the SDGs", and through Partnership Agreements signed with civil society organisation networks covering, amongst others, to enable fragile countries to contribute to the achievement of the SDGs, coordinated by Commission Services in 2016.
- G. The contribution of the European Commission to the Global Strategy for the EU's Foreign and Security Policy recognised the work being done in the framework of fragility and resilience and aims to reinforcement of the current situation through:
- A reinforcement of the resilience framework (currently covered by 2012 Communication (COM(2012) 586 final))
 - The development of an Integrated Approach to conflict and crises which is to be built on the existing Comprehensive Approach and the experience gained in the implementation of Action Plan 2015 (and reported in 2016) and the Action Plan 2016-2017 (adopted during 2016).

Sectorial results

Since more than 60 % of the European Commission commitments and expenditures for development have been dedicated to fragile countries in 2016, this means that a significant proportion of the results are related to the resilience of fragile countries, in **particular in their weakest sectors**, to help them to overcome their specific fragility(ies).

The five dimensions of risks and related fragility are covered by the Commission Services through both thematic and geographic programming.

1.5. Partnerships

1.5.1. Cooperation with civil society organisations and local authorities

The European Union's political commitments to support civil society organisations (CSO) and local authorities (LA) as key actors of governance, sustainable and inclusive development, are implemented by the Civil Society Organisation-Local Authorities Thematic Programme adopted in July 2014 under the Development Cooperation Instrument. Its aim is to strengthen these actors in partner countries as well as at regional and global level.

The Instrument for Pre-Accession, as well as the European Neighbourhood Instrument, also provide substantial support to strengthen and promote the role of civil society in building stronger democracies, improve accountability systems and ultimately achieve better policies and positive socio-economic development.

Localising the 2030 Agenda by empowering CSOs and LAs will bring more relevance, efficiency and accountability to the implementation of the Sustainable Development Goals. CSOs and LAs are essential stakeholders playing a pivotal role in tackling global challenges and ensuring that no-one is left behind at local level. At regional and global level, networks and associations will link local concerns to regional and international debates. The European Union therefore supports their contribution to the successful implementation of the 2030 Agenda.

To illustrate this commitment, the European Commission signed 29 Framework Partnership Agreements (FPA), five with the Associations of local authorities in 2015 and 24 with global and regional networks of CSOs during the CSO Forum in March 2016. This Forum brought together a significant number of CSOs from both the international development and Human Rights constituencies to further enhance the European Union's effectiveness in implementing the EU policy on support to Civil Society and to confirm the strong EU commitment to promote and protect human rights and gender equality, sustainable development, democracy and the rule of law worldwide.

Civil society forums with partners from the Eastern Partnership countries and from the Southern European Neighbourhood were also held in 2016 to discuss the specific challenges for these regions.

1.5.2. Working with the private sector

The main challenge for developing countries remains achieving growth that is inclusive and sustainable; reflected by the creation of decent jobs, improved prospects for the youth, gender equality and resilient societies. Substantial sustainable investments are needed to enhance competitiveness and diversify local, national and regional economies, support social and financial inclusion, enhance comparative advantages, accelerate industrialisation, value chain integration and preparedness for the digital economy.

In May 2014, the Commission's Communication entitled 'A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries'²⁸ set out the future direction of EU policy and support for private sector development in partner countries with emphasis on the need for more strategic engagement with the private sector in promoting sustainable and inclusive growth.

In 2016, the Commission adopted a series of new Communications further acknowledging the central role of the private sector as a contributor to the 2030 Agenda. In addition to the new EU development policy, framed by the 'Consensus on Development', in September 2016 the Commission proposed a new ambitious External Investment Plan (EIP). The Plan proposes for the first time a coherent and integrated approach to improve investments in Africa and the EU Neighbourhood, to promote decent job creation, sustainable development and tackle some of the root causes of migration (see chapter 5.2.5).

The new approach is based on the conviction that enhanced financing needs to be coupled with business and investment climate improvements for investments to materialise and for growth and jobs to be generated. In addition to new guarantee instruments aimed at mitigating investment risk, structured dialogue with the private sector will be instrumental in identifying specific bottlenecks for investment that can then be addressed through EU support and policy dialogue. In this framework, a new Sustainable Business for Africa Platform (SB4A) for structured dialogue with the private sector is currently under preparation, and expected to be operational before the end of 2017, as a key building block of the third pillar of the External Investment Plan. SB4A will reflect and deliberate on the body of structured dialogues operating at country, sector and strategic level to ensure the right level of private sector perspective, ownership and engagement in implementing the EIP.

Through geographic and thematic programmes, the EU will invest over EUR two billion by 2020 to support local Private Sector Development in developing countries. In 2016, a new intra African, Caribbean and Pacific states (ACP) programme "Fit for market" was adopted with the objective of strengthening the competitiveness and sustainability of the smallholder farmers, producer groups, farmer organisations, and Micro, Small and Medium Sized Enterprises (MSMEs) in the horticultural sector. In addition, two trade-related global actions under Global Public Goods and Challenges (GPGC) were adopted: respectively aimed at promoting international market information tools, in particular in LDCs, and also supporting LDCs to promote a trade agenda conducive to sustainable pro-poor growth.

1.5.3. Cooperation with the donor community

A number of strategic dialogues on development took place in 2016 with non-EU providers of assistance against the backdrop of the UN 2030 Agenda and its SDGs. The EU-US development dialogue at senior level in June 2016 in Brussels was an exchange of views on respective efforts to implement the 2030 Agenda and strengthen co-operation in key areas, such as energy. In 2016, preparations took place for the next consultations at senior level with Japan in the framework of our development dialogue, while field cooperation between the Japan International Cooperation Agency and EU Delegations continuing. In line with the new EU strategy on China, adopted in 2016, contacts

²⁸ COM(2014) 263 final, 13.5.2014

have been further developed with relevant authorities in China on global development and regional issues to promote a more structured dialogue on development issues. Because of elections in Australia in 2016, it was agreed to hold the next senior official development dialogue in early 2017. With Korea, a high-level development dialogue meeting took place in April 2016 in Brussels focusing on the 2030 Agenda and the Busan Global Partnership for Effective Development Cooperation.

In line with the 2016 EU-India Summit, which called for launching an EU–India Development Dialogue, two meetings were held in Delhi confirming India's wish to strengthen cooperation with the EU concerning the 2030 Agenda.

Exploratory contacts have been made with Brazil and Mexico for establishing similar policy development dialogues.

The European Commission has also a leading role in bringing together donors' response to challenges in the neighbourhood and enlargement regions. This has been the case for the refugee crisis and migration related issues in 2016 in particular.

1.5.4. Cooperation with international organisations

In 2016 the European Commission continued to be engaged in development-related United Nations (UN) processes, including the High Level Political Forum and the Financing for Development Forum. Contributions were coordinated for annual sessions of UN Economic and Social Council (ECOSOC) Functional Commissions and major UN Conferences (UNCTAD XIV; Habitat III), as well as providing input for relevant UN General Assembly and ECOSOC-resolutions.

Important discussions took place at the Organisation for Economic Cooperation and Development (OECD) on development issues (OECD SDG Action Plan) and decisions on the modernisation of the development finance measurement framework (Peace and Security, Private Sector Instruments) in which the Commission had a pivotal role.

The European Commission also worked closely with the Council of Europe, implementing joint projects in both the South and the East Neighbourhood, as well as with the Western Balkans and Turkey in line with a Statement of Intent from April 2014. The two other pillars of cooperation are legal cooperation and high-level political dialogue.

Throughout 2016 the European Commission continued to engage in close collaboration with International Financial Institutions, in particular with the World Bank and International Monetary Fund (IMF), but also with European Financial institutions and regional development banks on a range of topics including domestic resources mobilisation, public financial management, private sector, blending platforms, Africa and the Neighbourhood.

The European Commission continued to play an active role with G7 leaders to take development issues into account, reflecting the 2030 Agenda. The G7 launched initiatives *inter alia* on health, gender equality and countering violent extremism.

The European Commission actively contributed to the development of the 'G20 Action Plan on the 2030 Agenda'. The G20 also adopted the Initiative on the Industrialisation of Africa and the LDCs.

2. RESULTS FOR PROJECTS COMPLETED BETWEEN JULY 2015 AND JUNE 2016

EU International Cooperation and Development Results Framework

On 26 March 2015, the Commission Services launched the EU International Cooperation and Development Results Framework (EU RF) through the publication of a Staff Working Document²⁹. The EU RF marked a significant step in improving the way the EU manages and reports results. With the launch of the framework, the Commission Services involved with International Cooperation and Development pioneered the measurement of systematic results, their reporting; and publishing both in aggregated and non-aggregated form.

So far, two Results Reports have been published. The first report, covering completed programmes in 2013-14, was published in 2016³⁰. This was a complement to the 2015 Annual Report by the European Commission on the implementation of EU international cooperation and development cooperation. Since 2016, reporting on results has become a structural part of the Annual Report³¹.

To enhance the European Commission's ability to focus on results and effectively manage its interventions several tools and support systems are being developed, tested and implemented. An ambitious new operational information management system (Opsys) will support project management, including results reporting, at both headquarters and EU Delegation level. This will facilitate the implementation of the results framework, responding to the Council conclusions adopted in May 2015.

During 2017, the European Commission will also begin revising the results framework to take into account the SDG indicators and the new EU Consensus on Development³² as announced in the March 2015 Staff Working Document.

Chapter Structure

This present chapter first sets the context by presenting the development progress made by the partner countries, before moving onto the EU contribution to results in partner countries through the presentation of EU aggregated results. While the focus is on results in the field, it also provides some data on the European Commission's own organisational performance.

➤ Section 2.1: Setting the context – development progress in partner countries

Section 2.1 provides an overall picture of the development progress made by EU partner countries, i.e. the longer-term development results (outcomes and impact). It aggregates and reflects results achieved by the EU partner countries based on collaboration between partner countries, donors and other development players, including the private sector. The results presented in this section are based on a limited number of quantifiable indicators and thus provide a snapshot of EU partner countries' progress in development.

The aggregated values presented in Section 2.1 include data from all countries with which the EU has bilateral cooperation programmes over the 2014-2020 period. Data have been obtained from international statistical sources (e.g. United Nations' agencies, the World Bank, the International Monetary Fund and others). A complete list of the data sources for the indicators presented in Section 2.1 is provided in Annex 1.

²⁹ *Launching the EU International Cooperation and Development Results Framework* SWD(2015)80 final, 26.3.2015 https://ec.europa.eu/europeaid/sites/devco/files/swd-2015-80-f1-staff-working-paper-v3-p1-805238_en.pdf

³⁰ SWD(2016) 255 final, 20.7.2016

³¹ The second report was part of SWD(2016) 456 final, 19.12.2016 *2016 Annual Report on the implementation of the European Union's instruments for financing external actions in 2015*, https://ec.europa.eu/europeaid/sites/devco/files/annual-report-swd-part-1-2016-456-20161221_en.pdf

³² https://ec.europa.eu/europeaid/sites/devco/files/communication-proposal-new-consensus-development-20161122_en.pdf COM (2016) 740 final, 22.11.2016

➤ Section 2.2: EU contribution to results in partner countries: aggregated results

Section 2.2 gives an overview of aggregated results (outputs and direct outcomes) from projects and programmes financed by the EU above a value of EUR 750 000 that ended between 1 July 2015 and 30 June 2016. The results reported here have been achieved during the full period of their implementation, and they have been aggregated using EU RF indicators. These programmes usually account for around 90-95 % of the value of the development cooperation portfolio of projects ending in a given year.

Information on results presented in this section has been drawn from reporting by partners implementing the projects and programmes (i.e. partner countries themselves, international organisations, non-governmental organisations, EU Member States' development agencies, and international financial institutions).

The results reported have been calculated using a contribution approach. This means that where a project has been financed by the EU jointly with other funders – such as partner country governments or other donors – the overall results of the collective effort are reported, rather than results attributed to the share of funding provided by the EU.

The European Commission aims to progressively step up results reporting to include ongoing operations rather than completed operations for continual project management improvements and increased transparency. This would also widen the reporting base and give a more comprehensive picture of EU development and cooperation assistance.

It should be noted that the seven countries involved in the Enlargement process are not included within scope of the EU RF. Please see further details on the methodology in Chapter 6.

➤ Section 2.3: European Commission's organisational performance as the manager of EU aid

This section gives information on how European Commission Services are managing their operational processes and resources in order to contribute to achieving development results. Some of the results presented in Section 2.3 relate to indicators for which the EU has defined targets reflecting the political commitments the EU has made; others come from the legal framework for implementation of the EU's development and cooperation policy.

Data reported in this section are based on the financing decisions taken by the European Commission from 1 January 2016 to 31 December 2016.

Further information

More detailed results and methodologies can be found in the following annexes in Chapter 6 of this Staff Working Document – Part 2.

Annex 1: Methodological basis for the report on selected results

Annex 2: Development progress - Regional averages

Annex 3: Development progress – Countries grouped by region³³

Annex 4: Development progress – by Instrument

Annex 5: Development progress - Countries grouped by Instrument (Country List)

Annex 6: Partner country results supported by the EU – list of countries covered by this reporting exercise broken down by region

Annex 7: Aggregated results achieved with EU support – results disaggregated by sex

Annex 8: Aggregated results achieved with EU support – results by country, region and thematic programmes

³³ OECD definition

Annex 9: Aggregated results achieved with EU support – results broken down by region

Annex 10: Aggregated results achieved with EU support – results by funding instrument

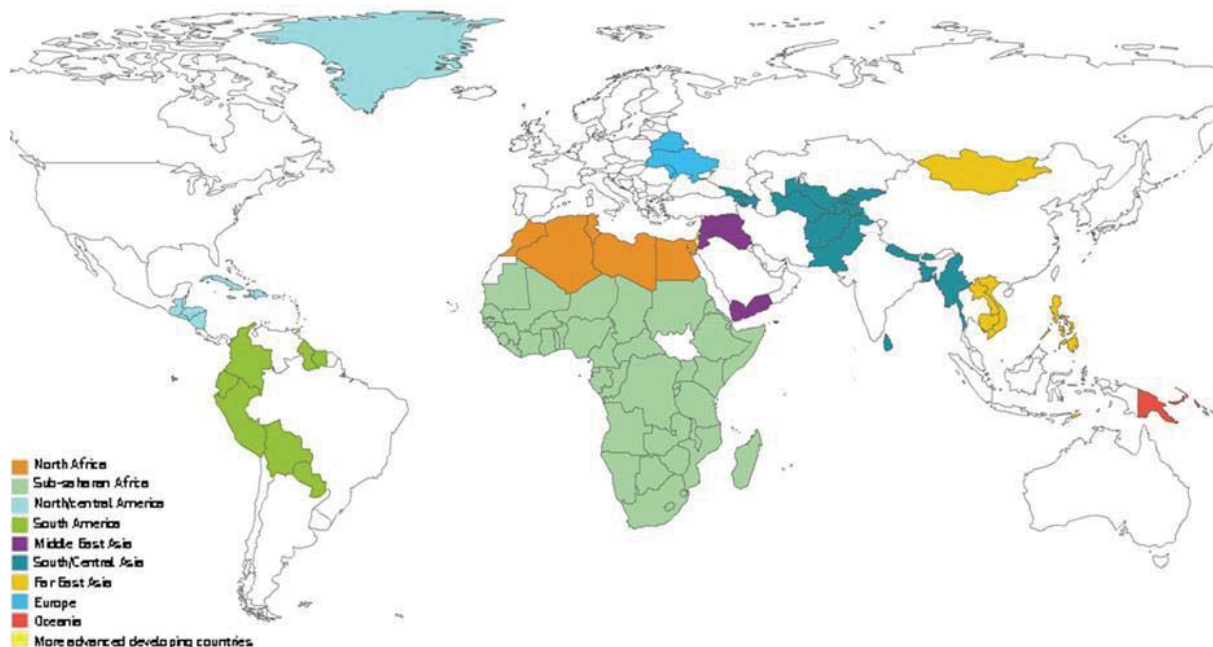
2.1. Development progress in partner countries

This section presents the development progress made by partner countries and sets the context in which the EU's contributions to results should be understood. It focuses on the longer-term development outcomes and impact in the countries and reflects the results from the collective effort of partner countries, donors and other development actors.

The aggregated values presented below are based on data from all partner countries in which the EU is financing bilateral programmes over the 2014-2020 programming period. The statistics used to report on the indicators are taken from international statistical sources³⁴ and mostly consist of weighted averages. Figure 1 below and Annex 2 in Chapter 6 give the breakdown of countries by defined region. Please also note the Results Framework did not capture data for the majority of the Instrument contributing to Stability and Peace (IcSP) as this is managed by the Commission Service for Foreign Policy Instruments (FPI).

Every year, the latest available data at the time of report drafting are used to collate each indicator. The latest available values presented in this report were collected in November 2016, with the majority of country values referring to 2014-2016. The table columns present the values that were provided in: i) the First Results Report (values available as of 2014), ii) chapter 2 of the 2016 Annual Report (values available as of 2015) and iii) the present chapter (values available as of 2016). This means care should be taken when comparing year on year results as information each year is dependent on country updates that are not necessarily released each year, and results may not be directly comparable.

Figure 1: Development progress in EU bilateral cooperation countries - Map of countries grouped in regions



³⁴ Such as United Nations agencies, the World Bank and the International Monetary Fund. Detailed information on data sources and calculations for each of the indicators can be found in their individual methodological notes at <http://capacity4dev.ec.europa.eu/eu-rfi>

Table 1: Development progress in EU partner countries – Summary³⁵

	Values available as of ³⁶		
	2014	2015	2016
INCLUSIVE GROWTH AND POVERTY REDUCTION			
Proportion of population living below the international poverty line (%)	27.5* ³⁷	27.1*	27.0
Income share held by the lowest 40 % of income distribution (% income, period averages)	17.7	17.7	17.2
Real GDP growth, latest available year (%)	3.8	3.7	3.2
Real GDP growth, average over last five available years (%)	4.5	4.5	4.3
GOOD GOVERNANCE			
Average Rule of Law score (Worldwide Governance Index, ranges from approx. -2.5 (weak) to approx. +2.5 (strong) performance)	-0.5	-0.5	-0.5
Average Control of Corruption score (Worldwide Governance Index, ranges from approx. -2.5 (weak) to approx. +2.5 (strong) performance)	-0.4	-0.4	-0.4
Average Voice and Accountability score (Worldwide Governance Index, ranges from approx. -2.5 (weak) to approx. +2.5 (strong) performance)	-0.4	-0.3	-0.3
CONFLICT PREVENTION, PEACE BUILDING AND SECURITY			
Number of violent deaths per 100 000	8.1*	..	8.0
AGRICULTURE, FOOD SECURITY AND NUTRITION			
Cereal yield per ha (kg)	2 523	..	2 545
Prevalence of stunting (moderate and severe) of children aged below five years (%)	34.8	32.1	32.2
Prevalence of undernourishment (%)	16.4*	15.8	15.8
ENERGY			
Percentage of the population with access to energy services	62.6	64.3	..
Renewable energy production as a proportion of total energy production (%)	25.4*	..	24.7
PUBLIC FINANCE MANAGEMENT			
Change in domestic revenue mobilisation as a percentage of GDP over three years	-1.4 (2011-2014)	..	-2.5 (2012-2015)
EDUCATION			
Primary Education Completion Rate (%)	77.9	78.8	79.8
Lower Secondary Education Completion Rate (%)	54.5	57.6	57.7
Literacy rate of 15-24 year-olds (%)	80.6	80.5	83.3

³⁵Data for the latest values as of November 2016; data for '2015' are as of January 2016 except for CO2 equivalent emission (November 2016); data for '2014' as of May 2015 with the exception of primary and secondary completion rates, the proportion of employed people living below the international poverty line (September 2015), agriculture value added and change in domestic revenue mobilisation (October 2015)

³⁶The heading of each column does not refer to the years of the indicator values but the year in which the data were collected at report drafting stage. Every year, latest available data at the time of report drafting are used to collate each indicator, for example '2014' corresponds to the First Results Report (data collected May 2015), '2015' to chapter 2 of the 2016 Annual Report (data collected January 2016) and '2016' to the latest available data presented in this report (data collected November 2016). This means that the year on year data may not be directly comparable.

³⁷Values from previous reports marked * have been updated, see Chapter 6, Annex 1 for further information.

HEALTH			
Under-five mortality rate (per 1 000 live births)	68.2*	..	64.1
Maternal mortality ratio (per 100 000 live births)	381.8*	355.5	..
HIV prevalence among population aged 15-24 years (%)	0.7*	0.8	0.7
NATURAL RESOURCES, ENVIRONMENT AND CLIMATE CHANGE			
Number of deaths per 100 000 from climate-related and natural disasters (average over ten years)	2.3	2.1	2.4
CO2 equivalent emission (kilo tons)	2 948 725*	2 995 969	..
Proportion of population using an improved drinking water source (%)	78.4	79.1	..
Proportion of population using an improved sanitation facility (%)	54.4	55.3	..
Rate of net forest cover change, since 2000 (%)	-4.0	-4.5	..
State of global biodiversity	3 038	..	3 706
Number of global species	-52.0	..	-58.0
Percentage change	(1970-2010)	..	(1970-2012)
TRANSPORT			
Road density (km. of road per 100 sq. km of land area)	12.0	12.5	..
EMPLOYMENT AND SOCIAL PROTECTION			
Proportion of employed people living below the international poverty line (%)	30.0*	29.3	..
Share of older persons receiving pensions (%)	38.2	..	..
TRADE AND PRIVATE SECTOR DEVELOPMENT			
Average Global Competitiveness score (range 1-7)	3.7	3.8	3.8
Exports of goods and services as percentage of GDP	31.9	30.1	28.4
GENDER EQUALITY AND WOMEN'S EMPOWERMENT			
Proportion of seats held by women in national parliaments (%)	19.2	20.2	21.3
Percentage of women aged 20-24 years old who were married before their 18th birthday	29.5	30.5	28.4
Percentage of women aged 20-24 years old who were married before their 15th birthday	..	..	7.6
..= no new data			

Table 2. Inclusive Growth and Poverty Reduction indicator for EU partner countries

INCLUSIVE GROWTH AND POVERTY REDUCTION	All partner countries	Africa, North of Sahara ^a	Africa, South of Sahara	America, North & Central	America, South	Asia, Middle East	Asia, South & Central	Asia, Far East	Europe: Belarus, Moldova, Ukraine	Oceania	More advanced developing countries
Proportion of population living below international poverty line (%)	2014	2.8	46.2	17.4	6.1	0.1	15.4	8.2	0.0	33.7	-
	2015	2.8	45.1	17.0	5.1	0.1	14.5	8.2	0.0	33.8	-
	2016	2.8	45.8	15.4	4.6	0.1	14.4	8.1	0.0	33.8	-
Income share held by the lowest 40 % of income distribution (% income, period averages)	2014	20.5	15.5	12.1	12.0	20.5	21.6	17.3	24.2	15.0	14.2
	2015	20.6	15.7	11.8	12.2	20.5	21.8	16.8	24.5	14.6	14.2
	2016	17.4	15.7	12.4	12.4	19.6	21.3	17.0	24.6	14.7	14.2
Real GDP growth, latest available year (%)	2014	1.1	5.1	3.4	4.6	-0.2	5.8	6.1	-3.5	4.6	2.6
	2015	0.9	5.0	4.4	3.9	-0.1	5.7	6.0	-4.1	4.7	2.4
	2016	2.2	3.6	4.4	2.8	1.0	4.9	6.2	-7.3	4.4	2.3
Real GDP growth, average over last five available years (%)	2014	2.8	4.9	2.5	4.8	5.9	5.4	6.3	0.8	5.6	3.3
	2015	2.7	4.8	3.5	5.2	5.9	5.7	6.2	-0.3	5.6	3.4
	2016	2.9	4.5	3.6	4.7	5.9	5.4	6.1	-0.9	5.0	3.2

Over the last two decades, globally, extreme poverty has been considerably reduced. Among EU partner country regions, it remains high in sub-Saharan Africa, where the poverty rate has slightly declined but still stands at 45.8 %. The total proportion of people living below 1.90 USD a day in EU partner countries has decreased slightly to 27.0 %.

The income share of the bottom 40 % of the income distribution decreased slightly to 17.2 %. Among EU partner country regions, the income share of the bottom 40 % of the income distribution is lowest in North, Central and South America (12.4 %), although these regions have seen a minor increase.

Average overall real yearly and five-year GDP growth in EU partner countries have decreased slightly. Far East Asia is the region with the highest GDP annual growth (6.2 % for the latest available year) and the highest average growth over the last five years (6.1 %). On the other hand, within Europe, the EU partner countries Belarus, Moldova and Ukraine have experienced negative GDP growth (on average – 7.3 % for the latest available year), driven not only by the instability of the situation in the Ukraine but also by downturns in Belarus and Moldova in 2015.

Table 3. Good Governance indicators for EU partner countries

GOOD GOVERNANCE	2014 (refers to 2008)	All partner countries	Africa, North of Sahara	Africa, South of Sahara	America, North & Central	America, South	Asia, Middle East	Asia, South & Central	Asia, Far East	Europe: Belarus, Moldova, Ukraine	Oceania	More advanced developing countries
Average Rule of Law score (as measured by the Worldwide Governance Index, ranges from approx. -2.5 (weak) to approx. +2.5 (strong) performance)	2014 (refers to 2008)	-0.5	-0.3	-0.7	-0.1	-0.8	-0.7	-0.8	-0.7	-0.7	0.2	0.9
	2015	-0.5	-0.6	-0.7	-0.3	-0.6	-0.7	-0.8	-0.6	-0.6	-0.2	0.6
	2016	-0.5	-0.6	-0.7	-0.1	-0.6	-0.7	-0.8	-0.6	-0.7	-0.3	0.8
Average Control of Corruption score (as measured by the Worldwide Governance Index, ranges from approx. -2.5 (weak) to approx. +2.5 (strong) performance)	2014 (refers to 2008)	-0.4	-0.5	-0.6	0.1	-0.5	-0.8	-0.8	-0.9	-0.7	-0.3	1.0
	2015	-0.4	-0.6	-0.7	-0.1	-0.7	-1.0	-0.6	-0.7	-0.7	0.0	0.8
	2016	-0.4	-0.7	-0.6	0.0	-0.6	-0.9	-0.6	-0.7	-0.7	-0.2	1.0
Average Voice and Accountability score (as measured by the Worldwide Governance Index, ranges from approx. -2.5 (weak) to approx. +2.5 (strong) performance)	2014 (refers to 2008)	-0.4	-1.2	-0.6	0.3	0.0	-1.0	-1.1	-0.6	-0.6	0.6	0.9
	2015	-0.3	-0.8	-0.6	0.3	0.0	-1.1	-0.9	-0.6	-0.5	0.7	0.9
	2016	-0.3	-0.8	-0.6	0.3	0.0	-1.1	-0.9	-0.6	-0.5	0.6	0.9

The Worldwide Governance Indicators (WGI) are compiled by the World Bank. They comprise several components which measure the quality of governance in over 200 countries. The WGI is a relative index and scores are normalised against the global average. This means that looking at all EU partner countries very little change is likely to occur, but differences in the various governance components can be observed at regional (and country) level.

The Rule of Law score measures perceptions of the extent to which agents have confidence in and abide by the rules of society, in particular the quality of contract enforcement, the police and the courts, as well as the likelihood of crime and violence.³⁸ The Rule of Law score decreased the most in Oceania (from 0.2 to -0.3), and in North Africa (from -0.3 to -0.6), due to decreases in Egypt and Libya balanced to a certain extent by some improvements in Morocco and Tunisia. The score also decreased marginally in the Middle East Asia (from -0.7 to -0.8) and the more advanced developing countries (from 0.9 to 0.8). For some EU partner country regions, there have been minor improvements (South America, South and Central Asia, Far East Asia).

The corruption score measures perceptions of the extent to which public power is exercised for private gain, including both petty and large-scale forms of corruption, as well as 'capture' of the state by elites and private interests. The score has fallen slightly in North Africa (from -0.5 to -0.7), South America (from -0.5 to -0.6), and the Middle East Asia (from -0.8 to -0.9); it has increased marginally in South, Central Asia (from -0.8 to -0.6) and Far East Asia (from -0.9 to -0.7) and Oceania (from -0.3 to -0.2).

The Voice and Accountability score measures perceptions of the extent to which a country's citizens can participate in electing their government, as well as of the extent of freedom of expression, freedom of association and a free media. The score has improved in North Africa (from -1.2 to -0.8), in South and Central Asia (from -1.1 to -0.9); it has stayed relatively stable in the remainder of the other EU partner country regions.

³⁸ <http://info.worldbank.org/governance/wgi/pdf/ri.pdf>

Table 4. Conflict Prevention, Peace Building and Security indicators for EU partner countries

CONFLICT PREVENTION, PEACE BUILDING AND SECURITY	2014	2015	2016	All partner countries	Africa, North of Sahara	Africa, South of Sahara	America, North & Central	America, South	Asia, Middle East	Asia, South & Central	Asia, Far East	Europe: Belarus, Moldova, Ukraine	Oceania	More advanced developing countries
	8.1	8.1	8.1	8.1	2.3	9.3	29.6	19.6	5.3	4.7	5.1	4.3	8.7	6.4

	8.0	8.0	8.0	8.0	2.4	9.4	28.0	16.6	5.4	4.7	5.7	4.2	8.6	6.1
..	=no new data													

Overall, the EU partner countries recorded an average of eight violent deaths per 100 000 population. The number is highest in North and Central America (28), followed by South America (17). However, both these EU partner country regions record a decrease from 30 to 28 (North and Central America), and from 20 to 17 (South America) when compared to the values as of 2014. North Africa displays the lowest rate of violent deaths per 100 000 population (2).

Table 5. Agriculture, Food Security and Nutrition indicators for EU partner countries

AGRICULTURE, FOOD SECURITY AND NUTRITION		All partner countries	Africa, North of Sahara ^a	Africa, South of Sahara	America, North & Central	America, South	Asia, Middle East	Asia, South & Central	Asia, Far East	Europe: Belarus, Moldova , Ukraine	Oceania	More advanced developing countries
Cereal yield per ha (kg)	2014	2 523	3 139	1 433	2 164	3 420	1 796	3 353	4 273	3 870	3 342	3 696
	2015	..	..	..	..	..	..	..	..	..	..	..
	2016	2 545	2 923	1 478	2 138	3 267	1 583	3 382	4 385	4 244	3 410	4 267
Prevalence of stunting (moderate and severe) of children aged below five years (%)	2014	34.8	23.4	37.4	26.5	18.4	28.3	40.2	31.1	4.4	43.4	5.3
	2015	32.1	18.4	34.8	24.4	16.4	28.5	37.7	27.1	4.1	44.1	5.3
	2016	32.2	18.4	34.9	24.3	15.6	28.5	37.7	27.1	4.1	44.1	5.7
Prevalence of undernourishment (%)	2014	16.4	5.0	19.3	17.8	11.8	21.4	18.2	14.1	5.0	6.7	5.6
	2015	15.8	5.0	18.8	18.1	9.5	20.8	17.6	12.8	5.0	7.0	5.3
	2016	15.8	5.0	18.6	18.1	9.5	20.8	17.6	12.8	5.0	7.0	5.3
.. = no new data												

The cereal yield per hectare in EU partner countries has slightly increased over the last two years (up from 2 523 kg to 2 545 kg of cereal yield per hectare)³⁹. Except for the North Africa, South America and Middle East Asia, the other EU partner country regions have seen an improvement in terms of yield per hectare. The value continues to be lowest in sub-Saharan Africa at 1 478 kg per hectare.

The latest figures released for the prevalence of stunting of children aged below five years (%) have only been updated for 12 EU partner countries compared to the previous reporting 12 months ago. Looking at the course of the last two years, the average prevalence in partner countries has fallen, from 34.8 % to now 32.2 %.

³⁹ No data had come available during data collection for the last reporting, value as of 2015

The European Commission developed a tool to assess country level progress in stunting, both in terms of prevalence and numbers of children affected. This tool has been adopted by the World Health Organisation (WHO) and is currently hosted by the latter under the logo of both organisations. Survey data up to December 2016 shows that in the 40 focus countries in the EU Nutrition Action Plan, the rate of stunting reduction accelerated between 2012 and 2016, and that the number of children expected to be averted from stunting by 2025 is now just over two million. This marks important progress since last year, when the anticipated drop was just under two million. This is an important improvement, even though it cannot be attributed to European Commission actions alone. Nevertheless, with the significant increase in the EU's commitments to nutrition expected between 2015 and 2016, there is scope for even further improvement next year and beyond.

The latest estimates released for undernourished people have not changed since the previous reporting 12 months ago, except for a change for Senegal (down from 24.6 % in 2015 to 10 % for 2016). Looking at data reported within the last 24 months, there has been a slight decline in the proportion of undernourished people from 16.4 % to 15.8 %⁴⁰. Most EU partner country regions have shown a small reduction in the rate of people who do not have enough to eat. However, the hunger rate continues to vary substantially by region, for example North Africa is close to eradicating food insecurity, having maintained a prevalence rate of 5 %, whilst in Middle East Asia one-fifth of the population (20.8 %) suffer from undernourishment.

⁴⁰ For all countries where prevalence is estimated 5 % or under, values have been recorded as 5 %, which can lead to slight overestimation

Table 6. Energy indicators for EU partner countries

ENERGY	EU partner countries											More advanced developing countries
	All partner countries	Africa, North of Sahara	Africa, South of Sahara	America, North & Central	America, South	Asia, Middle East	Asia, South & Central	Asia, Far East	Europe: Belarus, Moldova, Ukraine	Oceania		
Percentage of the population with access to energy services (%)	2014	62.6	99.4	32.4	80.9	92.1	83.3	73.7	84.4	99.8	22.9	96.5
	2015	64.3	100.0	35.7	81.3	94.8	85.4	76.3	87.7	100.0	26.2	97.4
	2016
Renewable energy production as a proportion of total energy production (%)	2014	25.4	6.2	23.5	28.0	69.6	7.7	33.0	40.2	7.1	-	1.1
	2015	..	..	..	..	..	..	..	..	..	..	..
	2016	24.7	6.0	24.1	26.7	67.8	5.7	32.1	39.0	4.9	-	1.5
..	=no new data											

No new data was reported for the percentage of the population in all EU partner countries who have access to energy services in 2016. As of 2015, the percentage of the population in all EU partner countries who have access to energy services has increased to 64.3%. Despite a significant improvement of 3.3 percentage points, the rate in sub-Saharan Africa remains low at only 35.7 %.

One quarter of energy in the EU partner countries comes from renewable sources (24.7 %). The largest share is found in South America with 67.8 % of energy from renewable sources, followed by Far East Asia at 39 %, South and Central Asia at 32.1 % and sub-Saharan Africa at 24.1%. The lowest shares are found in North Africa (6 %), Middle East Asia (5.7 %) and Europe (Belarus, Moldova and Ukraine) (4.9 %).

Table 7. Public Finance Management indicators for EU partner countries

PUBLIC FINANCE MANAGEMENT	All partner countries	Africa, North of Sahara	Africa, South of Sahara	America, North & Central America	America, South America	Asia, Middle East Asia	Asia, South & Central Asia	Asia, Far East Asia	Europe: Belarus, Moldova, Ukraine	Oceania	More advanced developing countries
		2014 (2011-2014)	-1.4	-2.1	-2.9	1.0	0.7	-3.4	-0.3	-1.1	1.0
2015
2016 (2012-2015)	-2.5	-4.6	-3.2	1.5	-3.1	-10.1	-1.0	1.0	-2.6	-0.6	0.9

.. = no new data

Like the values reported in 2014 (covering 2011-2014), several EU partner countries decreased their share of domestic revenues (excluding grants) to their GDP. In the period covering 2012 to 2015, a total decline of 2.5 percentage points in domestic revenue mobilisation (excluding grants) as a share of GDP is recorded. Again, a significant number of EU partner countries were affected by the global slowdown in commodity prices, in particular the large reduction in revenues in oil exporting economies. In addition, the decline in revenues to GDP is particularly noticeable in a series of EU partner countries in crisis or in fragile situations. The large decline in Middle East Asia compared to the previous period 2011-2014 is due to large drops in Iraq (-14 %) and Yemen (-11.4 %).

Table 8. Education indicators for EU partner countries

EDUCATION		All partner countries	Africa, North of Sahara	Africa, South of Sahara	America, North & Central	America, South	Asia, Middle East	Asia, South & Central	Asia, Far East	Europe: Belarus, Moldova, Ukraine	Oceania	More advanced developing countries								
													2014	2015	2016	2014	2015	2016	2014	2015
Primary Education Completion Rate (%)	Female	75.9	100.0	64.3	90.3	100.0	64.3	80.0	96.0	100.0	76.9	100.0								
	Male	77.1	100.0	67.0	94.8	100.0	64.4	77.0	100.0	100.0	77.4	100.0								
		78.4	100.0	67.3	91.6	99.2	64.8	87.4	100.0	100.0	77.9	100.0								
Lower Secondary Education Completion Rate (%)	Female	79.8	100.0	70.8	89.1	100.0	76.9	80.2	94.3	100.0	86.4	100.0								
		80.5	100.0	71.1	93.3	100.0	77.1	82.1	99.6	100.0	86.9	99.8								
	All	81.0	100.0	71.5	91.5	99.5	77.2	86.4	99.4	100.0	87.2	100.0								
Literacy rate of 15-24 year-olds (%)	Female	77.9	100.0	67.6	89.7	100.0	70.7	80.1	95.2	100.0	81.8	100.0								
		78.8	100.0	69.1	94.0	100.0	70.9	79.6	100.0	100.0	82.3	100.0								
	All	79.8	100.0	69.4	91.6	99.3	71.1	87.0	100.0	100.0	82.7	100.0								
Primary Education Completion Rate (%)	Female	53.6	82.7	29.0	68.3	80.7	52.4	58.9	79.1	97.6	64.6	100.0								
		56.9	78.1	35.5	68.6	93.4	56.1	64.0	85.2	96.9	66.4	99.3								
	All	56.9	81.2	36.1	71.4	87.1	52.2	63.7	88.4	97.1	66.5	98.3								
Lower Secondary Education Completion Rate (%)	Female	55.5	77.7	36.3	65.5	74.4	56.5	58.9	74.2	98.3	69.7	97.7								
		58.3	69.8	41.0	64.5	85.9	61.6	63.5	81.6	97.3	71.5	97.4								
	All	58.3	74.9	41.4	67.6	80.4	56.3	63.5	84.0	97.3	71.8	96.7								
Literacy rate of 15-24 year-olds (%)	Female	54.5	80.1	32.6	66.9	77.5	54.5	58.9	76.6	97.9	67.2	98.9								
		57.6	73.9	38.3	66.5	89.6	58.9	63.8	83.3	97.1	69.0	98.3								
	All	57.7	78.0	38.8	69.5	83.7	54.3	63.6	86.1	97.2	69.2	97.5								
Literacy rate of 15-24 year-olds (%)	Female	77.1	85.6	64.6	91.5	98.7	86.0	76.6	96.1	99.8	77.3	99.4								
		77.0	85.6	64.5	91.4	98.7	86.0	76.8	96.1	99.8	77.3	99.4								
	All	80.9	93.8	72.0	93.5	99.0	87.3	79.7	97.5	99.8	66.3	99.6								
Literacy rate of 15-24 year-olds (%)	Female	84.2	92.8	76.0	91.9	98.3	92.7	82.7	96.2	99.7	68.9	99.7								
	Male	84.1	92.8	76.0	91.9	98.3	92.8	82.7	96.2	99.7	68.9	99.7								

	2016	85.6	95.8	79.0	93.9	98.6	92.4	84.5	97.0	99.7	71.0	99.6
All	2014	80.6	89.3	70.1	91.7	98.5	89.5	79.6	96.2	99.8	73.0	99.5
	2015	80.5	89.3	70.0	91.6	98.5	89.4	79.7	96.2	99.8	73.0	99.5
	2016	83.3	94.8	75.5	93.7	98.8	89.9	82.2	97.3	99.7	68.7	99.6
... = no new data												

For both education completion indicators, care should be taken when comparing previous values with the latest ones as the latter are dependent on country updates that are not necessarily released every year⁴¹.

The general trend over the last few years continues to be positive: children in developing countries are increasingly completing primary education all around the world. In EU partner countries, the primary completion rate⁴² stands at 79.8 %. The primary completion rate continues to increase in sub-Saharan Africa, but it still remains below average at 69.4 %. Completion rate in primary education in South and Central Asia has increased by 6.9 percentage points and stands at 87 %. The ratio of girls to boys completing primary education is also on a positive trend; however, girls are still lagging behind in some EU partner country regions (especially in sub-Saharan Africa, Middle East Asian countries and the Oceania region)⁴³.

Completion rate in lower secondary education stands at 57.7 % on average in EU partner countries. Sub-Saharan Africa continues to have the lowest rate among all regions (38.8 %), although there has been an increase of 6.2 percentage points since 2015. In contrast, EU partner country regions with rates of at least 80 % are South America (83.7 %), Far East Asia (86.1 %), Europe (Belarus, Moldova and Ukraine; 97.2 %) and more advanced developing countries (97.5 %). In sub-Saharan Africa, Oceania and Middle East regions, girls lag four to five percentage points behind boys. In contrast, in North Africa, North & Central and South America, and Far East it is boys who lag between four to six percentage points behind girls.

While remarkable progress has been made worldwide, challenges persist: inclusion and equity are important aspects as inequalities are hitting the most disadvantaged groups (e.g. poorest families, ethnic minorities, girls etc.) not only in terms of access and completion but also for learning outcomes. Too many children are still not able to read, write and count despite attending several years of schooling or because they were deprived of education. Conflicts and humanitarian crisis play a big role in children's education: an estimated 35 % of children of primary school age that are not in school live in conflict-affected areas⁴⁴.

While the global literacy rate of 15-24 year-olds has steadily increased over the past decades and the gap between women and men has narrowed, there are still 103 million youth who lack basic literacy skills worldwide, and more than 60 % of them are women. In EU partner countries, the literacy rate stands at 83.3 %. The lowest rates are found in the Sub-Saharan African region at 75.5 % even though it has increased by 5.4 percentage points, and Oceania (68.7 %), where Papua New Guinea has experienced a significant decline since the previous data collection (values as of 2015).

⁴¹ The latest values range from 2003 to 2016 for primary completion rates; from 2004 to 2016 for lower secondary completion rates. Latest values for literacy rates are from 2015.

⁴² Completion rate (for both primary and lower secondary) is measured through a proxy indicator called 'gross intake to the last grade'.

⁴³ A GPI of 1 indicates parity between the sexes; a GPI that varies between 0 and 1 typically means a disparity in favour of males; whereas a GPI greater than 1 indicates a disparity in favour of females.

⁴⁴ Global Education Monitoring Report 2016, p. xvi, <http://unesdoc.unesco.org/images/0024/002457/245752e.pdf>

Table 9. Health indicators for EU partner countries

Health ⁴⁵		All partner countries	Africa, North of Sahara	Africa, South of Sahara	America, North & Central	America, South	Asia, Middle East	Asia, South & Central	Asia, Far East	Europe: Belarus, Moldova, Ukraine	Oceania	More advanced developing countries
Under-five mortality rate (per 1 000 live births)	2014	68.2	25.7	89.0	33.0	21.6	31.5	62.6	29.6	9.6	54.0	6.5
	2015	..	..	..	..	..	..	..	..	..	..	..
	2016	64.1	24.1	83.1	31.6	20.3	29.9	60.3	27.5	8.7	51.1	6.0
Maternal mortality ratio (per 100 000 live births)	2014	381.8	80.4	571.1	146.2	93.7	155.9	198.2	109.1	20.8	194.5	14.0
	2015	355.5	70.2	542.5	139.4	87.9	148.7	179.3	100.1	20.5	185.8	13.5
	2016	..	..	..	..	..	..	..	..	..	..	..
HIV prevalence among population aged 15-24 years (%)	2014	..	..	..	..	..	..	..	..	..	..	..
	2015	1.0	0.0	2.0	0.3	0.1	0.0	0.1	0.1	0.2	0.2	..
	2016	1.0	0.0	2.4	0.2	0.1	0.0	0.1	0.1	0.4	0.3	0.7
.. =no new data	2014	..	..	..	..	..	..	..	..	..	..	..
	2015	0.8	0.0	1.5	0.3	0.2	0.0	0.1	0.1	0.2	0.2	..
	2016	0.5	0.0	1.2	0.2	0.2	0.0	0.1	0.2	0.1	0.2	0.7
All	2014	0.7	0.0	1.9	0.2	0.2	0.0	0.1	0.2	0.2	0.2	0.7
	2015	0.8	0.0	1.5	0.3	0.2	0.0	0.1	0.1	0.2	0.2	..
	2016	0.7	0.0	1.8	0.2	0.2	0.0	0.1	0.1	0.3	0.2	0.7

⁴⁵ For all three health indicators, estimated values for 2013 have been used for the value as of 2014, estimated values for 2014 have been used for the value as of 2015 and estimated values for 2015 have been used for value as of 2016.

Worldwide, the under-five mortality rate per 1 000 live births has declined by more than half since 1990 with a global under-five mortality rate of 42.5 in 2015. At the same time, an estimated 5.9 million children under five years of age still died in 2015 from preventable, treatable diseases with children from the poorest households nearly twice as likely to die as those from the wealthiest. In EU partner countries, the under-five mortality rate stands at 64.1 (compared to 68.2 in 2013). The higher overall under-five mortality rate found in partner countries compared to the global rate is because EU support is increasingly provided to least developed and fragile countries. EU partner countries in Sub-Saharan Africa continue to have the highest under-five mortality rate (83.1 deaths per 1 000 live births, down from 89.0) followed by Southern and Central Asia (60.3, down from 62.6).

Maternal mortality is widely regarded as a key indicator of population health and the quality of health care delivery systems. Globally the maternal mortality ratio (MMR) almost halved between 1990 and 2015, but despite this progress, achievements still fall short of the Millennium Development Goal (MDG) target to reduce the ratio by three-quarters by 2015. No new data has become available since the last data collection. However, the value of 2014 has now been updated due to a refinement of UN estimation methods. As a result, a comparison between 2014 and 2015 data can be made: the MMR in all EU partner countries regions declined between 2015 and 2014. However, the overall MMR in 2015 is still high at 356 deaths per 100 000 live births (compared to 382 in 2014) in part driven by the very high MMR in partner countries in Sub-Saharan Africa (543 in 2015).

The prevalence of HIV (human immunodeficiency virus) in EU partner countries among young people aged 15-24 years remains relatively stable at 0.7 %. Differences in the spread of the epidemic can be accounted for by a complex interplay of sexual behaviour – determined by cultural and socio-economic context – and biological factors. In sub-Saharan Africa impoverishment, gender inequality, the subordinate role of women, lack of access to condoms and quality health care further contributed to the higher HIV prevalence amongst girls compared to boys. Concerted efforts are required to change behaviour and practices to prevent new HIV infections and to ensure that those infected receive the care, support and treatment required.

Table 10. Natural Resources, Environment and Climate Change indicators for EU partner countries

Natural Resources, Environment and Climate Change	All partner countries	Africa, North of Sahara	Africa, South of Sahara	America, North & Central	America, South	Asia, Middle East	Asia, South & Central	Asia, Far East	Europe: Belarus, Moldova, Ukraine	Oceania	More advanced developing countries
Number of deaths per 100 000 from climate-related and natural disasters (average over ten years)	2014	0.1	0.5	35.7	0.5	0.1	2.9	1.2	0.2	0.9	0.1
	2015	0.0	0.6	34.3	0.5	0.1	2.1	1.1	0.2	0.9	0.1
	2016	0.1	0.8	33.7	0.5	0.1	3.3	1.1	0.2	1.0	0.1
CO ₂ equivalent emission (kilograms)	2014	480 961	654 010	99 272	183 605	256 460	487 488	274 084	390 288	8 862	113 696
	2015	502 120	672 643	100 232	197 278	257 925	513 098	310 353	324 567	9 295	108 458
	2016	..	..	..	..	..	..	..	..	..	..
Proportion of population using an improved drinking water source (%)	2014	91.1	64.6	86.0	89.2	80.0	86.4	90.8	98.3	52.2	99.0
	2015	92.2	67	86.5	89.7	79.5	86.3	92.4	96.1	52.1	99.2
	2016	..	..	..	..	..	..	..	..	..	..
Proportion of population using an improved sanitation facility (%)	2014	91.4	30.0	71.1	75.4	81.4	59.3	71.1	93.6	30.6	98.3
	2015	90.0	29.8	70.5	77.8	80.5	66.5	73.0	94.3	30.7	98.5
	2016	..	..	..	..	..	..	..	..	..	..
Rate of net forest cover change, since	2014	-4.3	-3.5	-8.4	-4.1	-6.7	-3.0	-7.5	-4.9	-1.6	-1.9
	2015	-4.8	-4.2	-9.0	-4.5	-7.2	-3.6	-8.5	-5.2	-1.8	-2.1

2000 (%)	2016
State of global biodiversity	2014	Number of global species 3 038										Global percent change 1970-2010 -52.0 %	
	2015	..											
	2016	Number of global species 3 706										Global percent change 1970-2012 -58.0 %	
	... = no new data												

Between 2006 and 2015, an average of 2.4 deaths per 100 000 linked to climate related and natural disaster have been recorded. The slight increase compared to the first 10-year period for which data has been aggregated (2003-2014) is primarily attributed to newly available data for Myanmar and Somalia rather than new events. Myanmar was strongly affected by Cyclone Nargis in 2008, leading to the recording of 138 366 deaths in that year alone. For 2010, Somalia recorded 20 011 deaths which coincided with extreme droughts.

No new data on CO2 equivalent emissions have become available since the 2016 Annual Report⁴⁶. Looking at 2015 figures, the CO2 equivalent emissions in EU partner countries stand at almost three million kilo tons. It is estimated that developing countries and emerging economies currently have a share of more than 50 % in current global greenhouse gas emissions and in their annual increase.⁴⁷ In this regard, Commission Services are focusing on the development and implementation of partner countries' Paris Agreement pledges (their Nationally Determined Contributions (NDCs)). The NDCs contain partner countries' mitigation targets and, in most cases, their adaptation plans.

No new data has become available on the proportion of the population using an improved drinking water source. As of 2015 on average, 79.1 % of people in EU partner countries are using improved drinking water sources. Sub-Saharan Africa remains the region with the highest proportion of population lacking sustainable access to safe drinking water, but has shown an increase in the percentage of people using improved drinking water sources (from 64.6 % to 67 %).

Looking at again at 2015 figures, an average of 55.3 % of the population in partner countries were using a better sanitation facility, showing some progress. The proportion of the population with improved sanitation remains very low in sub-Saharan Africa and Oceania, at 29.8 % and 30.7 % respectively.

Over the past 25 years, the net loss of forest area has slowed worldwide⁴⁸. No new data has become available since the last data collection in 2015, which considered the period 2000 to 2014. During that period, the average loss of forest area was 4.5 % in the partner countries. The forest cover decline has

⁴⁶ SWD (2016) 456 final. Commission Staff Working Document accompanying the document. Report from the Commission to the European Parliament and the Council. 2016 Annual Report on the Implementation of the European Union's instruments for financing external actions in 2015

⁴⁷ Trends in Global CO2 Emissions – 2014 Report: Background Studies. PBL Netherlands Environmental Assessment Agency Institute for Environment and Sustainability (IES) of the European Commission's Joint Research Centre (JRC) (2104).

⁴⁸ <http://www.fao.org/news/story/en/item/326911/icode/>

continued at a faster pace in North and Central America and Far East Asia (decline rate at 9.0 % and 8.5 % respectively) and at a slower pace in Oceania, South and Central Asia and in the more advanced developing countries (decline rate at 3.6 %, 1.8 % and 2.1 % respectively).

Over the last 40 years, global biodiversity has fallen dramatically and continues to do so. The Living Planet Index (LPI) considers the state of global biological diversity based on population trends of vertebrate species from the three systems: freshwater, marine and terrestrial (mammal, bird, reptile, amphibian and fish). The LPI covering the period 1970-2010 observed a decline of 52.0 % (based on a sample of 10 380 populations from 3 038 species). The most recent LPI refers to a global decline of 58.0 % between 1970 and 2012. This is based on data for 14 152 populations of 3 706 species from around the globe. There is no information specifically for EU partner countries.

Table 11. Transport indicators for EU partner countries

TRANSPORT	EU partner countries											
	All partner countries	Africa, North of Sahara	Africa, South of Sahara	America, North & Central	America, South	Asia, Middle East	Asia, South & Central	Asia, Far East	Europe: Belarus, Moldova, Ukraine	Oceania	More advanced developing countries	
Road density (km. of road per 100 sq. km of land area)	2014	12.0	7.2	9.4	28.2	11.3	16.1	22.6	18.6	31.9	5.6	64.7
	2015	12.5	7.2	9.7	30.1	11.6	17.4	22.9	20.8	33.6	5.6	66.1
	2016	..	..	..	..	..	..	..	..	..	..	..
	... = no new data											

No new data for road density has become available since the last data collection. Based on previous information as of 2015 and 2014, road density in EU partner countries increased from 12.0 to 12.5 km of road per 100 km² of land area. The density was highest in the more advanced developing countries (66.1 km per 100 km²) and lowest in Oceania (5.6 km per 100 km²) and North Africa (7.2 km per 100 km²).

Table 12. Employment and Social Protection indicators for EU partner countries

EMPLOYMENT AND SOCIAL PROTECTION	All partner countries	Africa, North of Sahara	Africa, South of Sahara	America, North & Central	America, South	Asia, Middle East	Asia, South & Central	Asia, Far East	Europe: Belarus, Moldova, Ukraine	Oceania	More advanced developing countries
Proportion of employed people living below the international poverty line (%)	2014	7.8	43.6	10.2	5.4	7.8	40.0	11.6	0.7	33.8	–
	2015	7.8	42.0	11.3	4.8	7.7	39.9	10.9	0.7	33.8	–
	2016	..	..	..	..	..	..	..	..	..	..
Share of older persons receiving pensions (%)	2014	43.5	22.5	16.5	37.2	26.6	32.9	25.7	93.8	4.9	76.7
	2015	..	..	..	..	..	..	..	..	..	..
	2016	..	..	..	..	..	..	..	..	..	..
... = no new data											

Since the last Annual Report, the international poverty line had been updated by the World Bank from USD 1.25 to USD 1.90 as a result of a revision of purchasing power parity (PPP) exchange rates. Using the latest international poverty line, and latest data, the proportion of employed people living below the international poverty line has decreased slightly from 30 % to 29.3 % in EU partner countries from 2014 to 2015. Sub-Saharan Africa and South and Central Asia have the highest rates (42 % and 39.9 % respectively). While global working poverty is on a long-term decline, absolute numbers of working poor in developing countries are expected to grow by nearly three million per year until 2018 as a result of population and employment growth in these countries⁴⁹.

On average, 38.2 % of older people in EU partner countries receive old-age pensions based on data available in 2015 (no new updates for 2016), with substantial variation across the regions.

⁴⁹ *International Labour Organisation World Employment and Social Outlook report, January 2017* http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_541211.pdf

Table 13. Trade and Private Sector Development indicators for EU partner countries

TRADE AND PRIVATE SECTOR DEVELOPMENT	All partner countries	Africa, North of Sahara	Africa, South of Sahara	America, North & Central	America, South	Asia, Middle East	Asia, South & Central	Asia, Far East	Europe: Belarus, Moldova, Ukraine	Oceania	More advanced developing countries
Average Global Competitiveness score (range 1-7)	2014	3.9	3.6	3.7	3.9	3.7	3.8	3.9	4.0	–	4.4
	2015	3.9	3.6	3.8	3.9	4.0	3.9	4.1	4.0	–	4.5
	2016	3.8	3.6	4.0	3.9	3.6	4.0	4.1	3.9	–	4.4
Exports of goods and services as percentage of GDP	2014	32.7	28.8	26.5	23.3	38.4	24.6	49.6	50.8	57.9	35.5
	2015	26.8	27.7	27.3	22.1	39.4	20.6	51.5	51.7	56.6	33.8
	2016	24.2	25.0	26.4	20.5	35.3	20.2	52.4	55.0	59.1	32.1
... = no new data											

The Global Competitiveness Index assesses the relative competitiveness of an economy. The index considers a number of key aspects of the macroeconomic and microeconomic environment that contribute to creating the conditions for competitiveness in each country.

The average score in EU partner countries stands at 3.8 on a scale from 1 to 7, where a higher average score means higher degree of competitiveness. The more advanced developing countries have obtained the highest competitiveness score (4.4), while sub-Saharan Africa and the Middle East Asia are the least competitive (3.6 for both regions).

Exports of goods and services as a percentage of Gross Domestic Product (GDP) in EU partner countries have overall followed a decreasing trend, falling by 3.5 percentage points, from an average of 31.9 % to an average of 28.4 %. However, there are significant variations across EU partner country regions. North Africa has recorded a substantial and continuous decrease in exports as a percentage of GDP (– 8.5 percentage points), followed by South and Central Asia (– 4.4 percentage points), Sub-Saharan Africa (– 3.8 percentage points), and the more advanced developing countries (– 3.4 percentage points). Europe (Belarus, Moldova and Ukraine), on the other hand, have recorded a steady increase (+ 4.2 percentage points), as has Far East Asia (+ 2.8 percentage points).

Table 14. Gender Equality and Women’s Empowerment indicators for EU partner countries

GENDER EQUALITY AND WOMEN'S EMPOWERMENT		All partner countries	Africa, North of Sahara	Africa, South of Sahara	America, North & Central	America, South	Asia, Middle East	Asia, South & Central	Asia, Far East	Europe: Belarus, Moldova, Ukraine	Oceania	More advanced developing countries
Proportion of seats held by women in national parliaments (%)	2014	19.2	13.9	21.7	23.4	20.5	13.3	15.2	25.4	13.0	3.2	22.8
	2015	20.2	13.9	21.1	23.3	26.5	13.8	18.9	25.3	14.9	3.7	22.8
	2016	21.3	20.0	22.3	23.3	26.6	13.7	19.3	25.3	15.2	3.8	26.4
Percentage of women aged 20-24 years old who were married before their 18th birthday	2014	29.5	11.9	37.1	30.4	21.3	22.6	35.4	13.3	8.4	21.6	10.8
	2015	30.5	11.2	39.4	30.4	21.5	21.9	35.4	13.3	9.0	21.2	8.1
	2016	28.4	12.6	36.5	28.6	21.2	22.0	30.9	13.9	8.4	20.9	8.4
Percentage of women aged 20-24 years old who were married before their 15th birthday	2014	..	..	..	..	..	..	..	..	..	..	..
	2015	..	..	..	..	..	..	..	..	..	..	..
	2016	7.6	1.6	11.2	6.5	4.2	5.0	8.2	1.7	0.1	2.1	1.7
... = no new data												

Women's representation in parliament has followed a positive trend over the past years in EU partner countries, reflected in an overall increase in parliamentary seats held by women to 21.3 %. The biggest increases have been recorded in North Africa, followed by South America, where Bolivia and Ecuador lead with 53.1 % and 41.6 % respectively. Overall, South America (26.6 %) and the more advanced developing countries (26.4 %) have the highest proportion of women in parliament, followed closely by Far East Asia (25.3 %). While moderate progress has been recorded for Oceania that also has the lowest proportion (3.8 %).

The percentage of women aged between 20-24 years who were married before they reached their 18th birthday stands at 28.4 % in EU partner countries. The highest proportion of women between 20-

24 years old who were married before their 18th birthday has been consistently recorded in sub-Saharan Africa (36.5 %), South and Central Asia (30.9 %), and North and Central America (28.6 %).

Data on the percentage of women aged between 20-24 years who were married before they reached their 15th birthday is presented for the first time in this report as it was not available in previous years. In EU partner countries, 7.6 % of young women aged 20-24 years were married before their 15th birthday. There are regional discrepancies: the lowest rates are recorded in Europe (Belarus, Moldova, Ukraine - 0.1 %) as well as in the more advanced developing countries and Far East Asia (1.7 %), while the highest percentage is found in sub-Saharan Africa (11.2 %), followed by South and Central Asia (8.2 %).

2.2. EU contributions to results in partner countries: aggregated results

Aggregated EU Results Framework results are presented in this section. These results are complemented by project examples and achievements to give a flavour of the types of projects and programmes the Commission funds.

The results come from achievements funded by instruments managed by the European Commission's Directorate-General for International Cooperation and Development⁵⁰: the European Development Fund (EDF)⁵¹, the Development Cooperation Instrument (DCI)⁵², the European Neighbourhood Instrument (ENI)⁵³, part of the Instrument contributing to Stability and Peace (IcSP)^{54,55}, the European Instrument for Democracy and Human Rights (EIDHR)⁵⁶, the Instrument for Nuclear Safety Cooperation⁵⁷ and the Instrument for Greenland⁵⁸.

In total, around 750 projects and programmes with an overall expenditure of EUR 4 492 million were included in the results collection. Of these, projects and programmes that reported on one of the 32 EU RF indicators had a total expenditure of EUR 2 640 million. The expenditure by sector is reported in Figure 2.

Table 15 is the summary of aggregated results achieved with EU support for the EU Results Framework indicators. Detailed information on definitions and methodology, including how double counting is minimised, can be found in Annex 1 in Chapter 6. Individual indicator methodological notes can be found at <http://capacity4dev.ec.europa.eu/eu-rfi>.

Chapter six includes other more detailed information:

- Annex 6 - Partner country results supported by the EU – list of countries covered by this reporting exercise broken down by region
- Annex 7 - Sex-disaggregated results
- Annex 8 - Results by country, region and thematic programmes
- Annex 9 - Results by regions

⁵⁰ The Instrument for pre-Accession Assistance (IPA), managed by DG NEAR is therefore not included

⁵¹ Council Regulation (EU) 2015/322 on the implementation of the 11th EDF, and Council Regulation (EU) 2015/323 on the financial regulation applicable to the 11th EDF

⁵² Regulation (EU) No 233/2014 establishing a financing instrument for development cooperation for the period 2014-2020

⁵³ The ENI instrument is no longer managed by DEVCO. Nonetheless, the result reporting is still dealt with by DEVCO, based on a commitment taken with the Council in relation to the EU Results Framework and on the fact that the results reporting takes place using the Results Oriented Monitoring launched by DEVCO in this perspective

⁵⁴ Regulation (EU) No 230/2014 establishing an instrument contributing to Stability and Peace

⁵⁵ Key data refer only to activities under Article 5 of the IcSP which represents a small proportion of the overall financial envelope. The remainder is managed by the FPI under Article 3 (crisis response) and Article 4 (conflict prevention, peace building and crisis preparedness)

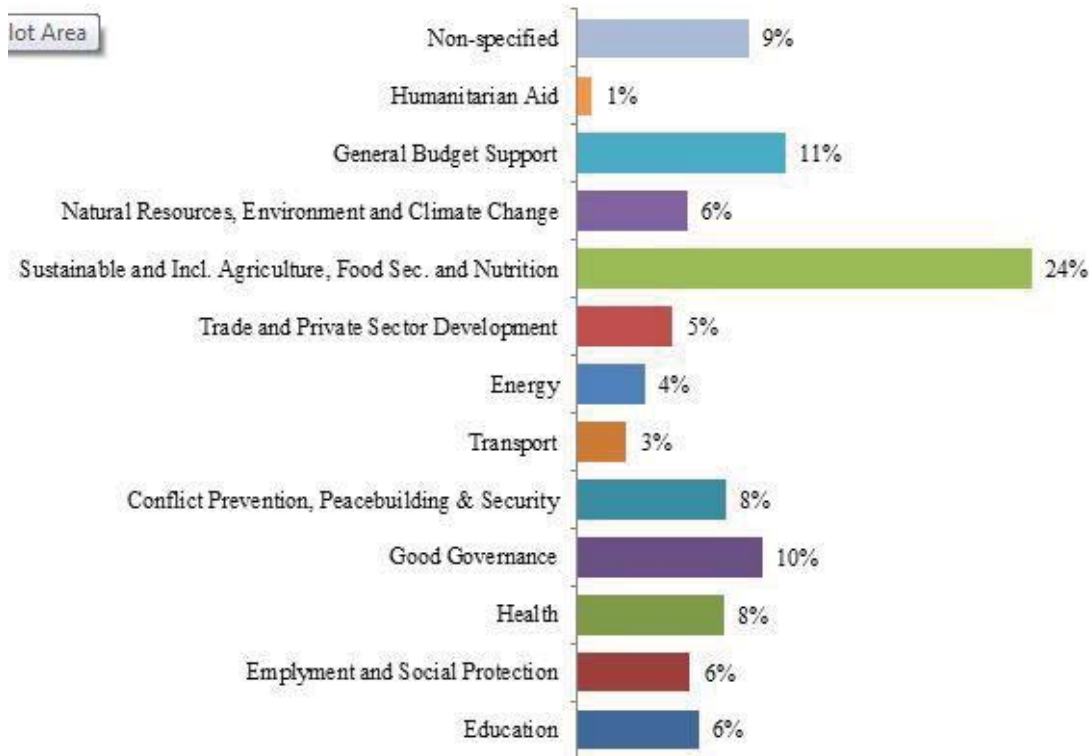
⁵⁶ Regulation (EU) No 235/2014 establishing a financing instrument for democracy and human rights worldwide

⁵⁷ Council Regulation (EURATOM) No 237/2014 establishing an Instrument for Nuclear Safety Cooperation

⁵⁸ Council Decision 2014/137/EU on relations between the European Union on the one hand, and Greenland and the Kingdom of Denmark on the other

- Annex 10 - Results by funding instrument

Figure 2 Expenditure by sector for projects/programmes reporting results against EU Results Framework indicators (million EUR)⁵⁹



Key changes since last report

Results for the number of people provided with access to sustainable energy services with EU support are reported for the first time in this report.

For two health indicators, the number of people with HIV infection receiving antiretroviral therapy and number of insecticide-treated bed nets distributed, achievements from ongoing programmes are reported at year end.. This approach was taken to avoid misrepresenting EU's support in these important areas, which typically consists of large financial contributions to the Global Fund to fight AIDS, Tuberculosis and Malaria (the Global Fund).

⁵⁹ Please note that:

- Information is based on the Organisation for Economic Co-operation and Development - Development Assistance Committee (OECD-DAC) sector codes assigned to each project and programme; and a clear one-to-one mapping between the sectors, as defined by the OECD-DAC and by the EU Results Framework, is not always possible
- There are some OECD-DAC sectors that are not explicitly covered by the sectors of the EU Results Framework; , General Budget Support (GBS) has its own OECD-DAC sector code, but it is not covered by a specific sector in the EU RF – results achieved through GBS programmes are reported under different sectors, mainly health and education
- Other expenditure non-specified includes urban development, actions relating to debt, programmes on culture and recreation, Information and communication technology, and other unallocated.

Selected partner country results supported by the EU (July 2015 - June 2016)⁶⁰

The EU contributed to the following results covering projects and programmes that ended between mid-2015 and mid-2016:

Good Governance

9 600 human rights defenders were supported in promoting civil, political, economic, social and cultural rights

10 elections were supported where the electoral process was perceived by independent observers as free and fair

125 000 individuals benefited directly from justice, rule of law and security sector reform programmes

923 000 people benefited directly from legal aid programmes, central to ensuring equality before the law by providing the right to counsel and the right to a fair trial

Conflict Prevention, Peace Building and Security

314 000 people benefited directly from programmes that specifically aimed to support civilian post-conflict peace building and/or conflict prevention

Sustainable Agriculture, Food Security and Nutrition

381 000 hectares of agricultural and pastoral ecosystems were managed by sustainable land management practices to reverse the degradation of agricultural ecosystems in partner countries caused by factors such as climate change

1 118 000 people received rural advisory services to add value to their produce and improve the links between farmers and markets

1 300 people secured tenure of land, building up their assets in order to enjoy sustainable livelihoods

916 000 women of reproductive age and children under five years old benefited from nutrition-related programmes

8 635 000 food-insecure people received assistance through social transfers

Energy⁶¹

1 103 000 people were provided with access to sustainable energy services

3 300 km of transmission/distribution lines were built or upgraded, as part of efforts to provide access to secure, sustainable energy services

Public Financial Management

12 countries improved their overall public financial management, which is critical to the efficient management of public resources and delivery of services in partner countries

Education

5 290 000 children were enrolled in primary education

550 000 children were enrolled in secondary education

84 000 teachers were trained, all providing a foundation for future learning and skills

Health

6 852 000 births were attended by skilled health personnel, helping to reduce maternal mortality

5 373 000 children under one year were immunised, helping to reduce child mortality

⁶⁰ Results for all years 2013-14, 2014-15 and 2015-2016 are shown in Table 1, along with the sum of those results

⁶¹ Does not include results from blending investments

70 000 women had access to a method of contraception

10 000 000 people with HIV infection received antiretroviral therapy⁶²

165 000 000 insecticide-treated bed nets were distributed, to prevent the spread of malaria⁶³

Natural Resources, Environment and Climate Change

30 partner countries developed and/or implemented climate change strategies, to help them adapt to global changes such as climate change and ecosystem degradation

12 694 000 hectares of protected areas were managed, to help ensure biological diversity and to preserve natural heritage

10 000 micro, small and medium-sized enterprises (MSMEs) applied sustainable consumption and production practices to support a 'green' economy that generates growth, creates jobs and helps to reduce poverty

Transport

4 100 km of roads were constructed, rehabilitated or maintained to provide better access to transportation, particularly for the most disadvantaged groups

1 795 000 people were provided with access to all-season roads

Employment and Social Protection

198 000 people benefited from Vocational and Educational Training (VET)/skills development and other active labour market programmes intended to improve employability, productivity and competitiveness in partner countries

Trade and Private Sector Development

Of the eight countries that report against the capacity to trade across borders indicator, one country improved its capacity while in seven countries the capacity to trade did not significantly change as measured by the Logistical Performance Index

13 000 firms gained access to credit, to help them avoid risks and make investments

430 quality certifications were issued to improve partner countries' national quality infrastructure in order to meet international standards and thus reap the benefits of the multilateral trading system

16 countries improved their business environment, thereby enabling private enterprises to develop, leading to economic growth.

⁶² The EU ongoing support to the Global Fund to Fight AIDS, Tuberculosis and Malaria contributed to these results. The value includes HIV-infected pregnant women who are on antiretroviral (ARV) treatment for their own health and women who commenced ARV treatment during their pregnancy and were subsequently put on lifelong treatment. During the 2014-2016 period 1.1 million pregnant women received ARVs to prevent Mother to Child transmission. This includes HIV infected women who became pregnant while already on ARVs

⁶³ The EU ongoing support to the Global Fund to Fight AIDS, Tuberculosis and Malaria contributed to these results

Table 15. Aggregated results achieved with EU support: 2013-2014, 2014-15 and 2015-2016⁶⁴

EU Results Framework indicator	Results 2013-14	Results 2014-15	Results 2015-2016	Aggregated Results 2014-2016
Good Governance				
Number of human rights defenders who have received EU support	32 000	87 000	9 600	129 000
Number of elections supported by the EU where the electoral process is perceived by independent observers as free and fair	19	4	10	33
Number of individuals directly benefiting from justice, rule of law and security sector reform programmes funded by EU external assistance programmes	197 000	80 000	125 000	401 000
Number of people directly benefiting from legal aid programmes	372 000	78 000	923 000	1 373 000
Conflict Prevention				
Number of individuals benefiting directly from EU-supported programmes that specifically aim to support civilian post-conflict peace building and/or conflict prevention	651 000	404 000	314 000	1 369 000
Sustainable Agriculture, Food Security and Nutrition				
Agricultural and pastoral ecosystems where sustainable land management practices have been introduced (in ha)	2 883 000	184 000	381 000	3 448 000
Number of people receiving rural advisory services	528 000	1 130 000	1 118 000	2 775 000
Number of people who have secure tenure of land	51 000	5 900	1 300	58 000
Number of women of reproductive age and children under five benefiting from nutrition-related programmes	4 544 000	5 025 000	916 000	10 485 000
Number of food-insecure people receiving assistance through social transfers	988 000	1 858 000	8 635 000	11 481 000
Energy⁶⁵				
Number of people provided with access to sustainable energy services	-	-	1 103 000	1 103 000
Kilometres of transmission/distribution lines built or upgraded	1 300	2 600	3 300	7 100
Public Finance Management				
Number of countries where overall public financial management has improved	16	12	12	27
Education				
Number of children enrolled in primary education	19 447 000	10 635 000	5 290 000	35 371 000

⁶⁴ Total results over the period 2013-2014, 2014-15 and 2015-2016 may not equal the sum of results from both years to avoid double counting, or because of rounding, or both

⁶⁵ There is insufficient reliable data to report on renewable energy production supported by the EU. Furthermore, the figures do not include results from blending investments

Number of children enrolled in secondary education	9 562 000	7 603 000	550 000	17 710 000
Number of teachers trained	33 000	175 000	84 000	292 000
Health				
Number of births attended by skilled health personnel	1 160 000	8 104 000	6 852 000	16 115 000
Number of one-year-olds immunised ⁶⁶	934 000	5 548 000	5 373 000	11 854 000
Number of women using any method of contraception ⁶⁷	43 053 000	13 238 000	70 000	56 312 000
Number of people with HIV infection receiving antiretroviral therapy ⁶⁸	4 233 000	8 100 000	10 000 000	10 000 000
Number of insecticide-treated bed nets distributed ⁶⁹	150 000 000	204 000 000	165 000 000	519 000 000
Natural Resources, Environment and Climate Change				
Number of countries/regions with climate change strategies either being developed and/or implemented with EU support	49	12	30	71
Number of hectares of protected areas being managed	13 785 000	3 951 000	12 694 000	30 431 000
Number of micro, small and medium-sized enterprises (MSMEs) applying sustainable consumption and production practices	3 900	6 200	10 000	20 000
Transport				
Total length of road constructed/ rehabilitated/ maintained (km)	11 000	27 000	4 100	41 000
Number of people with access to all season roads	8 431 000	8 905 000	1 795 000	19 131 000
Employment and Social Protection				
Number of people who have benefited from VET/skills development and other active labour market programmes	326 000	195 000	198 000	717 000
Trade and Private Sector Development				
Number of countries whose capacity to trade across borders has improved	-	9	1	10
Number of firms with access to credit	450	10 000	13 000	23 000
Number of quality certifications issued	140	80	430	650
Number of countries where the business environment has improved	7	7	16	29

⁶⁶ The EU support to the GAVI, the Vaccine Alliance contributed to these results

⁶⁷ The 2013/2014 result is related to EU support to UNFPA Trust Fund to enhance reproductive health commodity security covering 46 countries that ended in the given period; this support currently continues in an ongoing project phase

⁶⁸ The EU ongoing support to the Global Fund to Fight AIDS, Tuberculosis and Malaria contributed to the results 2015/2016

⁶⁹ The EU ongoing support to the Global Fund to Fight AIDS, Tuberculosis and Malaria contributed to the result 2015/2016

Results by sector

Good Governance

EU Results Framework indicator	Results 2015-16
Number of human rights defenders who have received EU support	9 600
Number of elections supported by the EU where the electoral process is perceived by independent observers as free and fair	10
Number of individuals benefiting directly from justice, rule of law and security sector reform programmes funded by EU external assistance programmes	125 000
Number of people directly benefiting from legal aid programmes ⁷⁰	923 000

Good governance is vital for inclusive and sustainable development. EU support in this sector is focused on partners' commitments to democracy, human rights, and the rule of law, and to meeting peoples' demands and needs.

In Nigeria, the EU supported the 2015 national elections, the 2014 governorship election in Ekiti and Osun states and the 2012 elections in Edo and Ondo States. Technical assistance was provided to strengthen the electoral management body's capacity to deliver elections, revitalising and strengthening inter-party coordination, encouraging greater political and electoral participation by women, youth, and people living with disabilities, support voter education through civil society organisations and information dissemination through the media.

In Somalia, over the period 2013-2015 the EU supported 2 000 custodial corps officers, police officers and staff from the criminal investigation department to be trained on judicial protection and security, community policing, basic investigation, gender based violence and biometric registration.

In 2014-2016 in Chad, 45 000 persons, mostly women, children and detainees, were trained and briefed about the law, benefitted from legal consultation services and legal representation. The activities were promoted in the framework of a programme aiming at improving access to justice for people in vulnerable situations.

⁷⁰ This result can encompass those receiving legal advice as well as people receiving training to provide legal aid

Conflict Prevention

EU Results Framework indicator	Results 2015-16
Number of individuals benefiting directly from EU-supported programmes that specifically aim to support civilian post-conflict peace building and/or conflict prevention	314 000

The purpose of the EU's development, foreign and security policy initiatives is to create a more coherent approach to peace, state-building, poverty reduction and the underlying causes of conflict. Where conflict has occurred, the EU aims to contribute to a smooth transition from humanitarian aid and crisis response to long-term development cooperation.

In the Democratic Republic of the Congo the protection of vulnerable populations including children continues to be a priority. The EU supported community based actions intended to detect, prevent and respond to exploitation of indigenous and displaced children, as well as those actions contributing to the reintegration of child victims. In this context, from 2013 to 2015, around 71 000 individuals directly benefited from EU programmes supporting peacebuilding and conflict prevention mechanisms such as human rights trainings, psycho-social support, material assistance to vulnerable children, and reintegration to academic and professional life.

Sustainable Agriculture, Food Security and Nutrition

EU Results Framework indicator	Results 2015-16
Agricultural and pastoral ecosystems where sustainable land-management practices have been introduced (in hectares)	381 000
Number of people receiving rural advisory services	1 118 000
Number of people who have secure tenure of land	1 300
Number of women of reproductive age and children under five benefiting from nutrition-related programmes	916 000
Number of food insecure people receiving assistance through social transfers supported by the EU	8 635 000

In agriculture, the EU aims to support sustainable practices, including safeguarding ecosystem services, prioritising locally developed practices and focusing on smallholder agriculture and rural livelihoods, the formation of producer groups, the supply and marketing chain, and government efforts to facilitate responsible private investment. The EU continues to work on strengthening nutritional standards, governance of food security and reducing food-price volatility at the international level.

In South-west Ethiopia over the period 2010-2016 sustainable land management practices were introduced in around 76 000 hectares. The EU supported participatory forest management practices were applied by local communities with the collaboration of the government. This aimed to contribute to the conservation of coffee biodiversity, in particular wild coffee.

Land tenure is important in rural development interventions which emphasise building people's endowments of assets so that they can enjoy sustainable livelihoods. Property rights to land, together with labour, form the most common endowments used to produce food for home consumption as well as cash crops.

In Guatemala, the EU supported programmes addressing critical land and natural resources conflicts in rural areas. Over the period 2013-2016, 1 000 people had secure tenure of land in El Valle de Polochic in the Alta de Verapaz department. Activities included advocacy measures and assistance throughout the process of legalisation and delivery of land titles.

In food and nutrition, the EU seeks to build resilience to food crises and help countries ensure that no one is left hungry. In particular, fighting under-nutrition is vital to give the world's poorest children a chance to lead healthier lives, learn better and improve their future income opportunities.

In Mali's northern regions of Gao, Kidal and Tombouctou, from 2011-2015, 185 000 children under five years of age suffering from severe and moderate acute malnutrition benefitted from nutrition related programmes with EU support.

Energy

EU Results Framework indicator	Results 2015-16 ⁷¹
Number of people provided with access to sustainable energy services	1 103 000
Kilometres of transmission/distribution lines built or upgraded	3 300

In energy, the EU aims to offer technology and expertise focusing on three main challenges: price volatility and energy security; climate change, including access to low-carbon technologies; and access to secure, affordable, clean and sustainable energy services.

In Kenya, most rural and peri-urban households are dependent on firewood for cooking and heating. Over the period 2011-2016 around 163 000 people were enabled to acquire, use and maintain energy efficient wood-fuel cooking stoves. Improved cooking stoves consume less fuelwood than traditional stoves, reducing the cost as well as the environmental and health impacts of fuelwoods.

In Zambia, a key government priority in the energy sector has been to improve power generation capacity through the up-grading and construction of new hydropower stations, and the use of alternative energy sources. In this context, over the period 2008-2015, with EU support 650 km of additional distribution lines were constructed to increase access to electricity and improve the efficiency and quality of the electricity distribution system.

⁷¹ Does not include results from blending investments

Education

EU Results Framework indicator	Results 2015-16
Number of children enrolled in primary education	5 290 000
Number of children enrolled in secondary education	550 000
Number of teachers trained	84 000

Support for basic (primary and lower secondary) education is the foundation for future learning and skills development. However, in 2014, the number of children and young adolescents aged 6 to 17 years who were out of school stood at 263 million⁷². Many of these children live in conflict-affected areas or come from disadvantaged backgrounds (e.g. rural or remote areas, ethnicity, disabilities, poverty, and girls). Results in the education sector reported through the Results Framework are mostly achieved through budget supports operations.

In the state of Chhattisgarh in India, which has the highest poverty rate in that country, the EU supported the delivery of and access to quality education in the framework of the Chhattisgarh State Partnership budget support. Over the period 2006-2015 4 753 000 children (2 333 000 girls and 2 420 000 boys) were enrolled in primary education.

In El Salvador, the EU contributed to the implementation of the National Plan for Education that is intended to improve the opportunities of vulnerable groups through education. In this framework, over the period 2009-2015, 531 000 children (266 000 girls and 265 000 boys) were enrolled in secondary education.

In Somalia, education is one of the three focal sectors of the EU support for 2014-2020. Up to 19 000 children were enrolled in secondary education from 2012 to 2015 as part of wider efforts aimed at strengthening delivery of effective education services.

Health

EU Results Framework indicator	Results 2015-16
Number of births attended by skilled health personnel	6 852 000
Number of one-year-olds immunised	5 373 000 ⁷³
Number of women using any method of contraception	70 000
Number of people with HIV infection receiving anti-retroviral therapy	10 000 000 ⁷⁴
Number of insecticide-treated bed nets distributed	165 000 000 ⁷⁵

⁷² UNESCO: <http://uis.unesco.org/sites/default/files/documents/fs37-leaving-no-one-behind-how-far-on-the-way-to-universal-primary-and-secondary-education-2016-en.pdf>

⁷³ The EU support to the Global Alliance on Vaccines and Immunisation (GAVI) contributed to these results

⁷⁴ The EU ongoing support to the Global Fund to Fight AIDS, Tuberculosis and Malaria contributed to these results. The value includes HIV-infected pregnant women who are on antiretroviral (ARV) treatment for their own health and women who commenced ARV treatment during their pregnancy and were subsequently put on lifelong treatment. During the 2014-2016 period 1.1 million pregnant women received ARVs to prevent Mother to Child transmission. This includes HIV infected women who became pregnant while already on ARVs

⁷⁵ The EU ongoing support to the Global Fund to Fight AIDS, Tuberculosis and Malaria contributed to these results

The EU is acting to develop and strengthen health systems, reduce inequalities regarding access to health services, and increase protection against global health threats to improve health outcomes for all.

A key policy area is enabling women to have access to skilled health personnel during pregnancy and childbirth, to ensure prevention, detection and management of complications. Assistance provided by trained health personnel with adequate equipment is key to lowering maternal deaths.

In Kenya, health disparities exist between rural and urban populations as well across districts and provinces. Kwale County is one of those areas affected by poor delivery of quality health services. The EU contributed to increase access to integrated sexual and reproductive health services, including maternal neonatal, child health, and nutrition. Over the period 2013-2016, a total of 18 000 births were attended by skilled health personnel with EU support.

Contraceptive prevalence is a key indicator for measuring improvements in access to reproductive health. Access to family planning reduces rates of unintended pregnancies, as well as unsafe abortions. In the Philippines, EU funds supported access to modern family planning methods for poor families, in particular, in the urban slums of the city of Manila. Over the period 2012-2015, 13 000 women started using contraception methods thanks to EU support.

Natural Resources, Environment and Climate Change

EU Results Framework indicator	Results 2015-16
Number of countries/regions with climate change strategies either developed and/or implemented with EU support	30
Number of hectares of protected areas being managed	12 694 000
Number of micro, small and medium-sized enterprises (MSMEs) applying sustainable consumption and production practices	10 000

One of the sustainable development goals (SDGs) is to promote the transparent management of natural resources, including raw materials and maritime resources. The EU is also promoting a 'green economy' that can generate growth, create jobs and help reduce poverty by giving value to and investing in natural capital. This includes supporting market opportunities for cleaner technologies, energy and resource efficiency, low-carbon development while stimulating innovation, the use of information and communications technologies, and reducing the unsustainable use of natural resources.

In Bhutan, 1 300 MSMEs from the tourism sector were supported over the period 2012-2015 in applying sustainable consumption and low carbon tourism practices. Also involving key government organisations, this project promoted the adoption of sustainable tourism measures through a series of training modules including sustainable management and development of tourism business, energy and waste management and carbon footprint analysis. MSMEs took up low carbon practices leading, for example, to reductions in CO2 equivalent emissions in their workplaces.

Protected areas are the cornerstone of the EU's global strategy for the protection of nature and wildlife. Cambodia has one of the highest levels of forest cover in Southeast Asia. Over the last two decades, however, the country also lost a considerable amount of forest and the pace of land use and forest conversion has seen acceleration. The EU has contributed to improve sustainable forest management and rural livelihood enhancement through Community Forestry and REDD⁷⁶ initiatives.

⁷⁶ Reducing carbon Emissions from Deforestation and forest Degradation (REDD)

Over the period 2010-2015, a total of 136 000 hectares of protected areas were managed through Community Forest Agreements supported by the EU. 160 Community Forest Agreements were signed involving 32 000 families from 240 villages.

Transport

EU Results Framework indicator	Results 2015-16
Total length of road constructed/rehabilitated/maintained (km)	4 100
Number of people with access to all season roads with EU support	1 795 000

Roads are the principal means of transport in the majority of partner countries and account for 80-90 % of passenger and freight transport. Often, roads are the only way of reaching most rural communities, and they provide a mean of transportation that is readily accessible to the most disadvantaged sections of the population.

However, the development of road networks frequently outstrips the resources available to properly maintain them – resources that are estimated at approximately 5-10 % of the operating budgets of many partner country governments. The EU supports both the building and the rehabilitation and maintenance of the road network in partner countries.

In Malawi, 2 400 km of road were rehabilitated to improve rural and peri-urban accessibility. 350 road maintenance clubs were established, trained and equipped to maintain the rehabilitated roads.

In 13 districts of Sierra Leone, a total of 800 km of farm-to-market roads were rehabilitated in the period 2011-2015 through food for work activities. The project was part of wider efforts to assist the most vulnerable households in food insecure communities and to mitigate the impact of rising food prices on consumption levels and nutritional status.

Employment and Social Protection

EU Results Framework indicator	Results 2015-16
Number of people who have benefited from VET/skills development and other active labour market programmes with EU support	198 000

Through capacity-building and exchange of knowledge, the EU supports vocational education and training (VET) to enhance employability, productivity and competitiveness; especially among the young, who are more likely to be unemployed because of a lack of appropriate skills that match the demands of the current labour market.

In Zimbabwe, 26 000 young people from rural regions graduated from technical training courses. The young people were provided with an agriculture-based technical education and skills programme in 19 Zimbabwean districts. After graduating from the training, the young people joined 1 500 community-based Young Farmer Clubs, helping to link them to employment opportunities and to learn more about farming as a business.

Trade and Private Sector Development

EU Results Framework indicator	Results 2015-16
Number of countries whose capacity to trade across borders has improved	1
Number of firms with access to credit	13 000
Number of quality certifications issued	430
Number of countries where the business environment has improved	16

The EU supports the development of competitive local private sectors, including building local businesses and institutional capacity, promoting SMEs and cooperatives, supporting legislative and regulatory framework reforms and their enforcement, and facilitating access to business and financial services. This enables partner countries to harness the opportunities offered by globally integrated markets. The EU is helping SMEs to achieve quality certification standards so that their goods and services meet international standards and they can reap the benefits of the multilateral trading system.

In Rwanda, 540 SMEs over the period 2011-2015 were provided with access to credits, with the objective of increasing growth and competitiveness of the small and medium enterprise sector and enhancing local entrepreneurship in the country.

In Nicaragua, 130 firms received international certification labels for quality, ecotourism and sustainable tourism over the period 2011-2015. The EU promoted the certification process as part of its support to local economic development through the tourism sector.

2.3. European Commission's organisational performance as the manager of EU aid

This section provides a set of key data on how the Commission Services are managing their operational processes and resources to contribute to achieving development results.

Some of the indicators in this section have targets for which the European Commission has either made political commitments or included in the regulations which constitute the legal framework for the implementation of the EU's development and cooperation policy.

All indicators presented in this section have been calculated with reference to the calendar year 2016, with the sole exception of the indicator 'Amount of EU-funded international cooperation and development assistance directed towards nutrition' which reports 2015 data.

In terms of coverage, the figures presented here refer only to the financing instruments managed by the Commission Services working in International Cooperation and Development in the course of 2016, namely: the European Development Fund (EDF)⁷⁷, the Development Cooperation Instrument (DCI)⁷⁸, the Instrument contributing to Stability and Peace (IcSP)^{79,80}, the European Instrument for

⁷⁷ Council Regulation (EU) 2015/322 on the implementation of the 11th EDF, and Council Regulation (EU) 2015/323 on the financial regulation applicable to the 11th EDF

⁷⁸ Regulation (EU) No 233/2014 establishing a financing instrument for development cooperation for the period 2014-2020

⁷⁹ Regulation (EU) No 230/2014 establishing an instrument contributing to Stability and Peace

⁸⁰ Key data refer only to activities under Article 5 of the IcSP which represents a small proportion of the overall financial envelope. The remainder is managed by the FPI under Article 3 (crisis response) and Article 4 (conflict prevention, peace building and crisis preparedness)

Democracy and Human Rights (EIDHR)⁸¹, the Instrument for Nuclear Safety Cooperation⁸² and the Instrument for Greenland⁸³.

In all cases, the sources of data are the European Commission's internal monitoring systems.

EU organisational performance is assessed across three areas:

- i. Quality at entry (design of projects and programmes)
- ii. Quality of portfolio performance (ongoing operations)
- iii. Policy priorities

Indicators of performance are presented in Table 16, and described in further detail below.

⁸¹ Regulation (EU) No 235/2014 establishing a financing instrument for democracy and human rights worldwide

⁸² Council Regulation (EURATOM) No 237/2014 establishing an Instrument for Nuclear Safety Cooperation

⁸³ Council Decision 2014/137/EU on relations between the European Union on the one hand, and Greenland and the Kingdom of Denmark on the other

Table 16. EU organisational performance

Performance area	Indicator	2016	2015	2014	Total 2014-16	Target (reference period)
Quality at entry (design of projects and programmes)						
Quality of project documents as assessed by DG International Cooperation and Development's internal Quality Support Groups	% of project documents assessed as satisfactory ⁸⁴ in internal peer review (yearly)	98 %	98 %	67 %	n/a	No target
Quality of portfolio performance (ongoing operations)						
DG International Cooperation and Development's internal assessment of ongoing projects (activities)	% of projects with red traffic lights concerning progress on implementation	3.6 %	3.6 %	3.6 %	n/a	No target
DG International Cooperation and Development's internal assessment of ongoing projects (results)	% of projects with red traffic lights concerning the achievement of objectives	3.8 %	4.4 %	2.8 %	n/a	Below 10 % (2015)
Budget execution (commitments) ⁸⁵	EU international cooperation and development assistance committed (value and % of execution	EUR 8.280 billion (118 %)	EUR 8.176 billion (130.7 %)	EUR 6.155 billion (92.3 %)	EUR 22.611 billion	100 %

⁸⁴ i.e. well-designed or giving rise to only minor issues to be addressed

⁸⁵ EU Budget Heading 4, year credits (C1) and EDF

Performance area	Indicator	2016	2015	2014	Total 2014-16	Target (reference period)
	of available budget)					
Budget execution (disbursements) ⁸⁶	Value of EU international cooperation and development assistance paid (value and % of execution of available budget)	EUR 6.912 billion (94 %)	EUR 5.694 billion (101.7 %)	EUR 7.502 billion (101.2 %) ⁸⁷	EUR 20.108 billion	100 %
Time needed to disburse	% of invoices paid within the period of 30 days within the framework of EU international co-operation and development assistance	63.7 %	65.9 %	64.6 %	n/a	66 % (2015)
Policy priorities						

⁸⁶ EU Budget Heading 4, year credits (C1) and EDF

⁸⁷ Disbursements have been even higher than 100 % due to the reuse of unused payment credits from the previous year

Performance area	Indicator	2016	2015	2014	Total 2014-16	Target (reference period)
Nutrition	Amount of EU-funded international cooperation and development assistance directed towards nutrition	EUR 594.7 million ⁸⁸	EUR 309.6 million	EUR 229.9 million	EUR 1.1 billion	The EU pledged to finance EUR 3.5 billion between 2014 and 2020 to reduce stunting – 'Nutrition for Growth' in London – during the UK presidency of the G8 on 8 June 2013
Gender mainstreaming	Proportion of EU-funded cooperation and development initiatives promoting gender equality and women's empowerment	58.8 %	51.6 %	31.3 %	45.4 %	One of the objectives of the EU Gender Action Plan 2016-20 is to show the percentage of new EU actions that score gender either as the principal objective (G2) or as a significant objective (G1). The target is for 85 % of new actions to score G1 or G2 by 2020.
Fragile states	Amount of EU-funded international cooperation and development assistance directed towards fragile states	EUR 4.970 billion (commitments) EUR 3.208 billion (payments)	EUR 2.831 billion (commitments) EUR 2.274 billion (payments)	EUR 1.424 billion (commitments) EUR 2.495 billion (payments)	EUR 9.226 billion (commitments) EUR 7.978 billion (payments)	No targets
Leverage of blending operations financed by	(a) Investment leverage ratio	(a) 9.4	(a) 14.1	(a) 15.5	n/a	No targets

⁸⁸ Values under nutrition refer to DEVCO commitments

Performance area	Indicator	2016	2015	2014	Total 2014-16	Target (reference period)
EU international cooperation and development assistance, measured as ⁸⁹ :	(b) Total eligible financial institution leverage ratio	(b) 3.7	(b) 9.5	(b) 9.2	n/a	
	(c) Private loans/equity leverage ratio	(c) 0.7	(c) 2.2	(c) 2.3	n/a	
Human development	Share of EU-funded international cooperation and development assistance directed towards supporting human development	13.7 %	21 %	15.8 %	16.8 %	In its Communication on the Agenda for Change COM(2011) 637, the Commission set an overall benchmark of spending 20 % of the cooperation and development budget on social inclusion and human development in 2014-2020.
Environment and climate change	Amount and share of EU-funded international cooperation and development assistance contributing to:					The EU has made the commitment to step up its contribution to averting global biodiversity loss by 2020 (EU biodiversity target as part of the EU Strategic Plan for Biodiversity 2011-2020).
	(a) protecting biodiversity	3.6 %	(a) 4.3 %	(a) 2.5 %	3.5 %	The Development Cooperation Instrument (DCI) Regulation contains a commitment to contribute to the objective of addressing at least 20 % of the EU budget to a low-carbon and climate-resilient society (DCI
	(b) climate change (adaptation and mitigation)	24.1 %	(b) 12.6 %	(b) 11.4 %	17.2 %	

⁸⁹ Calculation methodology revised in 2015. Figures for 2014 here presented are also based on the new method.

Performance area	Indicator	2016	2015	2014	Total 2014-16	Target (reference period)
Trade facilitation	Amount of EU-funded international cooperation and development assistance contributing to trade facilitation	EUR 39.4 million	EUR 33.6 million	EUR 73 million	EUR 146.6 million	<p>recital 20). (2014-2020)</p> <p>In 2014, on adopting the WTO Trade Facilitation Agreement, the EU committed to maintain at least its current level of support to trade facilitation over a five-year period; starting from the signature of the Agreement, namely EUR 400 million over five years, or over a third of developing countries' estimated needs, primarily through regular EU aid channels. (2014-2019)</p>

Quality at entry (design of projects and programmes)

Proposals for EU-funded projects and programmes are screened through a dedicated internal peer-review process (Quality Support Groups – QSG) within Commission Services to ensure the adequate quality of their design. In 2016, 98 % of projects were assessed as satisfactory at the final QSG at the end of the design stage, in line with what was achieved in 2015.

Quality of portfolio performance (ongoing operations)

Project implementation is assessed by Commission Services on a yearly basis in terms of advancement of activities and achieving stated objectives.

Budget execution is 118 % in terms of commitments since the EDF has committed more than its yearly target mainly in support of the EU Trust Fund Africa on migration. Disbursements reached 94 % of the available budget as a result of some delay encountered in the implementation of EDF funded activities. 63.7 % of the payments were made within the 30 days target, which is lower than the expected target of 66 %.

The proportion of ongoing projects flagged as "problematic" in terms of their implementation and/or achievement of objectives remain (below 4 %) and in line with figures reported for previous years.

Policy priorities

Nutrition

In 2012 the EU announced the commitment to support partner countries in reducing stunting in children under five years by at least seven million in 2025. A specific policy framework was developed around this target in the form of the Communication 'Enhancing Maternal and Child Nutrition in External Assistance'⁹⁰, followed by Council conclusions on Food and Nutrition Security in external assistance of 28 May 2013. Shortly after, at the Nutrition for Growth Summit in London in June 2013 and organised by the UK during their G8 presidency, the EU pledged to allocate EUR 3.5 billion for nutrition in 2014-2020 to achieve its stunting objective. Building on its nutrition reduction target and its financial pledge, the EU, at the request of the Council, issued in 2014 its Action Plan on Nutrition⁹¹.

The Commission Services have assessed the level of nutrition investments from 2008 to 2016 for the EU interventions. This assessment has been carried out by analysing each decision taken within this period against the Scaling Up Nutrition Movement (SUN) donor resource tracking methodology⁹².

The result of this analysis shows that the average EU investment in these nutrition interventions through EU funds has not changed significantly from 2008 to 2014. However, in 2015, the second year for the EC nutrition 2014-2020 financial pledge, there is already an increase in terms of the total amount allocated to nutrition programmes. But it is in 2016 where we see an exponential increase with the amount allocated to nutrition programmes almost tripling as compared to 2014.

The EU has invested EUR 1 792 billion in nutrition programmes in the period 2014-2016. The total nutrition investments so far represent 51 % of the EU's EUR 3.5 billion 2014-2020 pledge. This level of nutrition investment has been attained by embedding nutrition objectives in the agriculture growth and health systems interventions and signals how the EU's efforts are translating into results thanks to an enhanced endeavour of the Commission Services and EU Delegations to integrate nutrition objectives into programmes, projects and policy dialogue.

Gender mainstreaming

The best available benchmark by which to measure financial contributions to gender equality and women's empowerment is the OECD-DAC gender marker. Measuring the amount of funding support

⁹⁰ COM(2013) 141 final, 12.3.2013

⁹¹ SWD(2014) 234 final, 3.7.2014

⁹² *The Scaling Up Nutrition Movement resource tracking methodology currently used by UK, Germany, Netherlands, France, Ireland, USAID, World Bank, Canada and the BMGF*: http://scalingupnutrition.org/wp-content/uploads/2013/12/RESOURCE_TRACKING_METHODODOLOGY_SUN_DONOR_NETWORK.pdf

to gender equality is important both in terms of accountability and to identify where more resources may be needed.

The target set by the new Gender Action Plan 2016-2020 meant that 85 % of all new EU-funded cooperation and development projects and programmes would score G1 or G2 indicating that they would either have a significant gender equality dimension (G1) or would have gender equality as a principal objective (G2). Where no inherent impact on gender is identified, the score (G0) will require justification. The marker does not measure multilateral aid, general budget support, debt relief or emergencies.

Despite the target of 85 % remaining far from being met, we can underline a clear improvement obtained in 2016, reaching 58.8 % in international development projects, against 51.6 % in 2015 and only 31.3 % for similar projects in 2014. This illustrates the significant success of the efforts deployed on gender equality in the last years, but also the need to further continue them. Attention may be required in ensuring good quality of gender mainstreaming in Commission Services programmes and correct of use of the marker in the database.

Fragile states

In its Communication on the Agenda for Change⁹³ the European Commission committed to give priority to countries “most in need and fragile” and highlighted the importance of tackling the challenges of fragility with the objective of building peaceful states and societies and reducing poverty.

Taking into account that it is estimated that by 2030 the majority of the world's poor will be concentrated in fragile and conflict-affected countries and in sub-Saharan Africa, the European Commission proposed in its communication on "the new European Consensus on Development" (November 2016) to reinforce its focus on eradicating poverty in fragile or conflict affected countries as well as its contribution to "building stability and security and promoting resilience in fragile situations" to try to reverse this trend. Overall EU commitments to fragile countries are set out through National and Regional Indicative Programmes for 2014 – 2020. Multi-year programming means that annual commitments and disbursements may vary from one year to the other.

In 2016, Commission Services involved in international development and cooperation disbursed 53.2 % of its funds towards fragile countries. Disbursements to these countries have increased by 41 % compared to 2015. In terms of commitments, the yearly engagement of the EU is 76 % higher in 2016 than for 2015 and 249 % higher than for 2014. These figures illustrate a clear upward trend and that greater attention is being directed towards fragile countries in this Multiannual Financial Framework.

Leverage of blending operations

In 2016 the EU continued to use blending as an important instrument to mobilise external financing to realise investments in partner countries. With the launch the Africa Investment Facility, the amount of EU contribution to blending almost doubled. The leverage ratios presented in the report are those expected in the blending operations, as estimated by the financial institutions involved.

For projects approved in 2016, it is expected that for each euro granted by the EU, the financial institutions concerned will invest EUR 3.7, while the total investments expected to be mobilised amount to EUR 9.4. The mobilisation of private financing reached a leverage of 0.7 (Each euro of EU funds has leveraged an additional EUR 0.7 from private financing).

As compared to 2015, there has been a decrease in the leverage ratios linked with the fact that the new instrument, Africa Investment Facility, accounts now for almost half of the grant amounts approved and is an instrument where the majority of projects financed are of public sector nature with a relatively high grant amount ratio.

⁹³ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0637:FIN:EN:PDF>

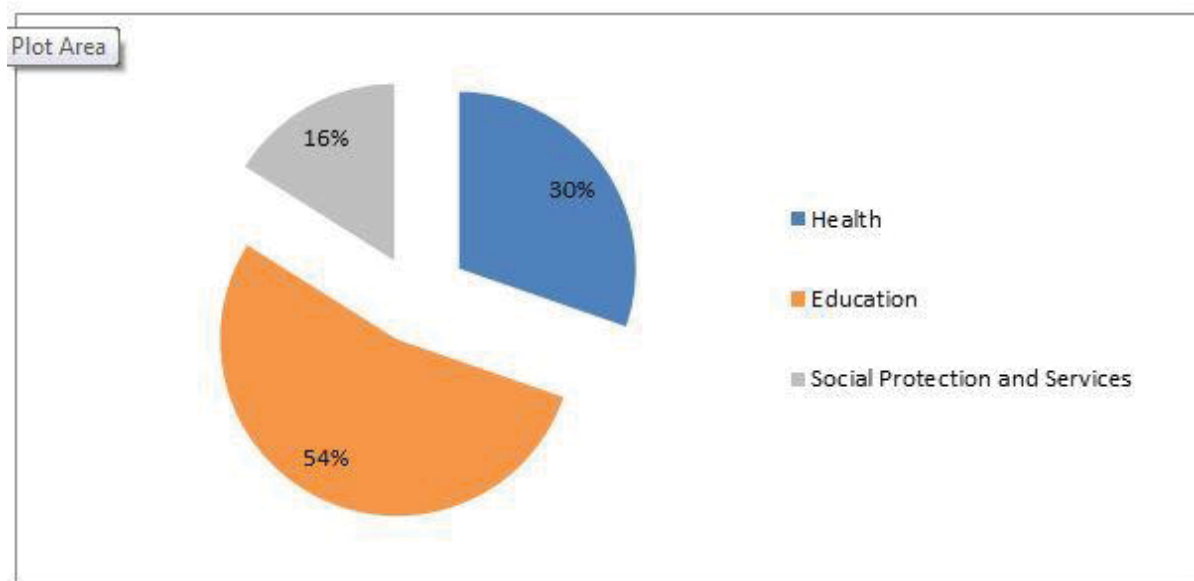
Human development

Human development is an important component of EU aid policies, with a 20 % benchmark set in the Communication on the Agenda for Change. In line with the EU Council of Ministers' Conclusions of 14 May 2012⁹⁴ on the Agenda for Change, the European Commission has defined human development as including funding in the following sectors: health; education; and social protection and services (including social transfers).

In 2016, the EU committed EUR 1.3 billion towards actions contributing to human development, representing 13.7 % of the total commitments made in the same year and a reduction of 20 % in total amount devoted to human development as compared to the first year of the Multiannual Financial Framework (2014-2020). This trend will need to be reverted in order to reach the target of 20 % by 2020.

The distribution of commitments across sectors for 2016 is shown below.

Figure 3. Commitments towards human development in 2016 (% by sector)



Source: Commission Services

Environment and climate change

The climate-relevant part of all EU budgetary commitments made in 2016 for actions funded in the context of international cooperation and development was estimated at 24.1 % while the biodiversity-relevant part was estimated at 3.6 %. Climate change is increasingly integrated into our development strategy and the European Commission remains strongly committed to mainstreaming environment and climate change considerations into the project design and implementation process, building on the momentum created by the new 2030 Agenda for Sustainable Development, the Paris Agreement, the new Urban Agenda and the Sendai Framework on Disaster Risk Reduction.

The proposal for a new European Consensus reflects this as well with environment and climate concerns integrated across the People, Prosperity, Planet, Partnerships and Peace components. In response to these commitments, Commission Services have progressively strengthened their

⁹⁴ "As for inclusive and sustainable growth, support for inclusiveness will be focused primarily on social protection, health and education. Support to social inclusion and human development will continue through at least 20% of EU aid."
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/130243.pdf

approach to environment and climate change mainstreaming over the last two years, notably with the approval of new guidelines, more active engagement with EU delegations and the systematic screening and review of action documents. These efforts will need to be sustained in the coming years in order to promote environmental sustainability and achieve the objectives of allocating 20 % of EU budget to climate related action and doubling biodiversity related funding to developing countries. Moreover, mainstreaming environment and climate change into development cooperation is an essential tool to help countries to implement their Nationally Determined Contributions (NDCs) and achieving the objectives contained in the Paris Agreement.

A range of dedicated environment and climate activities are supported under the Global Public Goods and Challenges (GPGC) programme. The Global Climate Change Alliance initiative (GCCA+) fosters policy dialogue with, and support to climate action in, our partner countries, mainly Least Developed Countries (LDCs) and Small Island Developing States (SIDS). Building on the experience accumulated since 2008 in supporting partner countries in reducing poverty while increasing their capacities to adapt to the effects of climate change the GCCA+ will now also help in delivering on certain commitments outlined in their NDCs and on their wider national development agenda, including vulnerable groups' empowerment (women and youth). A Global Learning Event held in September 2016 in Brussels gathered over 250 participants from 45 countries to discuss aspects of climate action, including gender, scaling up and disaster risk reduction. Continued support for climate action was provided through seven new country programmes in Bhutan, Cape Verde, Liberia, Mali, Mauritius, Sudan and Togo.

The GPGC Programme also funds activities aiming at universal access to modern energy services, doubling energy efficiency and to increase substantially the share of renewables in the global energy mix by 2030: a key contribution to the Africa Renewable Energy Initiative (AREI) launched at COP21. Actions at local level are intensified specially with the first seven cities selected under the Covenant of Mayors (CoM) in Sub-Saharan Africa. The three pillars of action are: climate adaptation, climate mitigation and access to energy. The cities signing up to the CoM commit to design and adopt Sustainable Energy Access and Climate Action Plans (SEACAPs).

GPGC activities in this cluster also include dedicated support for disaster risk reduction in developing countries' cities to build capacities to improve urban planning integrating sustainability and resilience, as well as for increased investment in integrated climate change adaptation and disaster risk reduction and supporting developing countries' governments to improve the understanding and the capacity to take informed decisions on disaster risk financing (DRF) based on sound financial analysis.

GPGC activities are also the core funding source for the Biodiversity for Life (B4Life) Flagship Initiative. This aims to strengthen a reciprocal integration of biodiversity priorities – the conservation of wildlife and ecosystems and the sustainable use of their services – into the development agenda, in accordance with international commitments such as target six of the 'EU Biodiversity Strategy to 2020' and target 20 of the Aichi Biodiversity Targets under the 'Convention on Biological Diversity'.

A significant effort is being made through the regional programme of the EDF in the ACP countries to address biodiversity, along with wildlife conservation and combatting wildlife poaching and trafficking.

EU action on environment sustainability also includes the SWITCH to Green initiative, which promotes green business development through cooperation with the private sector, in particular MSMEs, and through the elaboration of enabling policy environments. SWITCH to Green is funded through both the GPGC and geographic programmes. It is meant to contribute to EU's commitment to promote a green economy that generates growth and creates jobs.

Trade facilitation

Funds to support the implementation of the Trade Facilitation Agreement are a component of the broader Aid for Trade assistance provided by the EU. Funds programmed under the EU's 2014-2020 Multiannual Financial Framework cover trade-related needs well in excess of the EU's commitment of

EUR 400 million for trade facilitation. Compared to 2015, the level of payments increased to approximately EUR 39 million.

3. IMPLEMENTATION: GEOGRAPHIC OVERVIEW

3.1. Enlargement

3.1.1. Introduction

The instrument for pre-accession assistance (IPA II) supports the EU's enlargement policy, with a view to implementing Article 49 of the Treaty on European Union. Current beneficiaries are: Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo, Montenegro, Serbia, and Turkey.

Through IPA II, the EU will provide EUR 11.7 billion in the period 2014-2020 to support the enlargement countries in their preparation for accession as well as for regional and cross-border cooperation. In 2016, nine annual action programmes, including multi-country programmes, were adopted with a total value of EUR 662 million. EU assistance continued to be focused on addressing the "fundamentals first", in line with the priorities of the enlargement strategy. Improving connectivity and good neighbourly relations within the region also remained a key priority. EUR 145.5 million were provided under IPA through a multi-country allocation in support of concrete investments in the Western Balkans: six transport and energy networks to create a regional environment conducive to economic growth and job creation.

In response to the migration crisis, the EU continued providing financial support to the countries along the Western Balkans route, in particular Serbia and the former Yugoslav Republic of Macedonia, through IPA II special measures totalling EUR 39 million. The high influx of migrants on the Western Balkans route was drastically reduced in the first semester of 2016 due to the entry into force of the EU-Turkey Statement and the effective closure of the Western Balkans route by the countries concerned. Significant support was also provided through the Facility for Refugees in Turkey (FRIT) (see chapter 3.1.4 for further details).

A total of EUR 291 million has been committed in the period 2014-2016 under sector reform contracts with four enlargement beneficiaries (Albania, Kosovo, Montenegro and Serbia), with a focus on public administration and public financial management reforms.

The implementation of the IPA II sector approach continued in 2016. It became the key principle for programming financial assistance, based on sector policy dialogue and structural reforms, ensuring an ever-closer link between enlargement policy and the priorities for financial assistance. The focus on performance and delivering results under IPA II was further developed. Following the setting-up of the IPA II performance framework in 2015, additional support was provided to the beneficiary countries, in particular in terms of information and training, including on linking programming to monitoring and evaluation.

3.1.2. Development effectiveness, donor coordination and Joint Programming

Coordination between the European Commission, Member States and other donors during all phases of the assistance cycle was pursued at field level, through regular consultations and exchanges of information.

As regards International Financial Institutions (IFIs) and the Donor Community to the countries of the Western Balkans, coordination continued to be ensured through the Western Balkans Investment Framework (WBIF). As a joint initiative of the EU, International Financial institutions, bilateral donors and the governments of the Western Balkans, the WBIF supports socio-economic development and EU accession across the Western Balkans through the provision of finance and technical assistance for strategic investments, particularly in infrastructure, energy efficiency and private sector development.

2016 has seen a decisive change in the nature of the WBIF as it was the first year since its inauguration in 2009 that Investment Grant Financing was introduced to allow blending IPA Grants

with Lending from the IFIs. Specifically, WBIF pools grant resources from IPA and bilateral donors and combines those with lending from a number of pillar assessed IFIs, namely the Council of Europe Development Bank (CEB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), as well as KfW Development Bank and the World Bank.

The European Commission also supports Western Balkans beneficiaries in establishing National Investment Committees and developing Single Project Pipelines to ensure projects meet national and EU standards, providing access to funding from the EU and other financing institutions.

3.1.3. Working towards the SDGs

Enlargement policy promotes the fundamentals first approach, focusing on rule of law, including security, fundamental rights, democratic institutions and public administration reform, as well as on economic development and competitiveness. The EU assists the enlargement countries in their efforts to address the fundamentals first and to meet the European standards and as such supports them in their sustainable development. The EU champions a rights-based approach to development cooperation, whose implementation is critical in delivering on the SDGs. This approach encompasses all human rights and promotes inclusion and participation, non-discrimination, equality and equity, transparency and accountability. Gender equality is at the core of the EU's values and enshrined in its legal and political framework. The EU promotes women's rights, gender equality and the empowerment of women and girls as a priority across all areas of the enlargement policy, including through the financial assistance it provides under IPA II. In 2016, IPA II funding was provided for instance to promote the social inclusion of Roma in Albania and Serbia and to address the issue of missing persons in Bosnia and Herzegovina from the wars of the 1990s. Specific programmes and actions were also adopted in the fields of environment and climate change, employment, health and connectivity.

3.1.4. Implementation

Albania

In 2016, key priorities for financial assistance included public finance management, public administration reform, employment and skills, transport, as well as anticorruption, including through sector reform contracts. EU support was also provided to fishery, food safety, integrated water management and waste water management.

In the area of public finance management, EU assistance contributed in particular to the amendment of the budget law and the upgrade of the treasury system.

In public administration reform, EU assistance supported capacity building and the adaptation of the legislative framework of the new Civil Service Law and the new Code of Administrative procedures; the continuous automation of services provided by the state and improved service delivery to citizens and businesses, as well as the creation of an electronic platform for public consultation on draft legislation.

Case study - Employment and skills reforms in Albania

The implementation of the Employment and Skills Strategy allowed Albania to make steady progress in the modernisation of labour market policies, including the improvement of employment services in 2016. Fourteen employment offices were established or modernised across the country and 323 employment service specialists were trained. Up to mid-2016, over 5 200 unemployed jobseekers had participated in promotion programmes. The gender gap between women and men in employment was reduced from 14.7 % in 2014 to 11.5 % in the third quarter of 2016 and the youth employment rate increased from 28.2 % to 31.6 % in the same period.

In the area of employment and skills, the EU supported the finalisation the new law on vocational education and training and the implementation of labour market policies, including the establishment of and modernisation of employment offices. A new cooperation model between the public

employment service and the private sector was introduced. A coordination and dialogue framework between stakeholders and a system for measuring the inclusion of Egyptian and Roma citizens in employment and vocational education were also established.

Support to the justice sector was provided through the project "consolidation of the justice system in Albania", the project "consolidation of law enforcement capacities in Albania" and the International Monitoring Operation for the re-evaluation of judges and prosecutors. The Parliament also adopted constitutional amendments for a comprehensive judicial reform.

Bosnia and Herzegovina

The lack of a strategy in crucial sectors prevented the extension of IPA support to important sectors, such as energy, environment and agriculture. However, some progress has been made during the last two years including the approval of the Transport Framework Strategy 2016-2030 in July 2016. The drafting of country-wide strategies in the areas of environment, agriculture, energy, public administration reform and public financial management is ongoing.

In the area of democracy and governance, the EU supported reforms in human resources management in the civil service, including through a regionally funded OECD Support for Improvement in Governance and Management (SIGMA) programme.

The implementation of the "Support to the provision of durable solutions for IDPs and Refugees for the implementation of Annex VII of the Dayton Peace Agreement", which the EU supported with EUR seven million, was completed at the end of 2016.

The EU has been supporting the International Commission on Missing Persons (ICMP) which has been indispensable in the effort to account for the missing persons from the war in Bosnia and Herzegovina.

Strengthening the rule of law continued with further capacity building to enhance the effectiveness, accountability and efficiency of the judiciary and the fight against corruption. Bosnia and Herzegovina's policies and practices on prisons were further harmonised with European standards, contributing to raising standards in security and the respect of prisoners' human rights. Technical assistance delivered to the Judicial and Prosecutorial Training Centres in each entity contributed to improving the quality of training provided to judges and prosecutors.

In the area of education, the country's National Qualifications Framework was further developed. EU support was also provided to strengthening local economic development, improving local employment partnerships and increasing the competitiveness of SMEs.

Case study - Support to parliaments

The purpose of this twinning project totalling EUR 3.5 million was to strengthen the role of the four Parliaments (state, entities, Brcko District) in Bosnia and Herzegovina's EU accession process and the implementation of the Stabilisation and Association Agreement. It resulted in the adoption of action plans, including targets and milestones tailored for each of the Parliaments, and the endorsement of a cooperation mechanism for EU integration by Parliaments' Speakers and Deputy Speakers in January 2016.

The former Yugoslav Republic of Macedonia

2016 saw the continuation of a prolonged political crisis which during the year and increasingly negatively affected the functioning of the country including the implementation of EU assistance. The primary focus of the European Commission's work has been on restoring political dialogue in line with the Pržino agreement and trying to stabilise the democratic framework. The political compromise and the elections of 11 December 2016 were facilitated by the European Commission and Members of the

European Parliament, but further substantial progress is still needed in terms of concrete implementation of the urgent reform priorities.

The programming of IPA II has continued, focusing on reforms around home affairs, with a view to improving the efficiency and effectiveness of the national authorities for border control, the management of migration flows and the fight against terrorism and organised crime. In the area of competitiveness and innovation, EU assistance was provided to support private sector development and improve access to finance for small and medium enterprises. 2016 also saw the continuation of the operational programmes in the fields of transport and environment and climate action.

However, the lack of necessary political will was also reflected in problems relating to EU pre-accession assistance for sector reforms. As a result, the Commission had to reduce the EU financial assistance indicatively foreseen for 2016 by over EUR 27 million. In total, the EU has allocated EUR 64.5 million to support the country on its EU integration path.

The country also continued to be affected by the migration crisis. Since the summer of 2015, the EU has provided assistance to the country worth EUR 19 million through three Special Measures and humanitarian assistance, covering specialised equipment, vehicles, as well as costs relating to guest officers sent by some EU Member States to reinforce the country's surveillance and registration capacity on its southern border.

Kosovo

One of the main achievements during the reporting period was the entry into force of the Stabilisation and Association Agreement (SAA) in April 2016. In November 2016, the Kosovo Government launched the European Reform Agenda (ERA), showing a political commitment to implement the SAA and maximise its benefits. The ERA contains necessary reforms to improve Kosovo's rule of law, employment and education as well as to increase its competitiveness. In 2016, Kosovo submitted its second Economic Reform Programme (ERP) to the Commission.

In 2016, democracy and governance, rule of law and fundamental rights, competitiveness and innovation and education, employment and social policies were identified as priority sectors. These sectors were selected based on their level of preparedness, the beneficiary's commitment to reform and the absorption capacity of the beneficiary institutions. A first sector budget support measure amounting to EUR 25 million was adopted in the area of public administration reform. It is aimed at supporting the implementation of three key strategies of the public administration reform strategic package, adopted by the Government of Kosovo in 2014 and 2015: the Strategy for Improving Policy Planning and Coordination (2015), the Better Regulation Strategy (2014) and the Public Administration Reform Modernisation Strategy (2015).

Case study – Support for the revitalization of Old Bazaars and Artisanship in Western Kosovo

Through the EU Regional Economic Development Scheme aimed at supporting business-related infrastructure, as well as the development of tourism and employment opportunities, the EU has invested over EUR 20 million in 42 projects across Kosovo. As part of the scheme, the EU supported businesses operating in the old market of Pejë/Peć, artisan and handicraft producers in the area, as well as tour operators and tour guides. The project contributed to strengthening Kosovo's institutional capacity in the socio-economic sector as well as the competitiveness of its private sector.

Montenegro

In 2016, IPA funds were allocated to environment and climate change areas, with the aim of improving the quality of air and water, promoting waste recycling and combatting climate change. Competitiveness and innovation were supported as well, with a focus on small and medium enterprises. Further support was also provided to education, employment and social policies.

Ongoing programmes from previous years contributed to improve the rule of law, public financial management, safety in transport, and the integration of Roma and other vulnerable groups. Through a Sector Budget Support programme, EUR eight million were provided in 2016 to enhance Montenegro's capacity to protect borders and bring the management of borders in line with EU standards.

Serbia

In 2016, three priority sectors were identified for IPA financing: rule of law and fundamental rights (justice and home affairs), competitiveness and innovation, and education. Support was also provided to general capacity building in the context of the accession negotiations and to the preparation and implementation of investments and participation in EU programmes. The sectors home affairs, integrated border management, and education reform will be supported through sector budget support programmes.

Positive results were also achieved through the implementation of the sector reform contract on public administration reform adopted in 2015. This has led to improved reporting on the implementation of the action plan and the development of a mid-term expenditure framework for public administration reform. In the field of rule of law, a structured process and benchmarks for monitoring progress in the implementation of the action plans for chapters 23 and 24 are now in place.

An efficient response to the migrant/ refugee crisis was ensured through the implementation of specific grants contracted in 2015 under a special measure to directly support the Serbian authorities in accommodating migrants stranded in the country. On top of that, additional funds were allocated to Serbia in 2016 in order to ensure continued EU support. EUR 12.5 million were contracted under the EU Regional Trust Fund in response to the Syrian crisis, covering the running costs of the reception/asylum centres, the staff working on the field, the voluntary return mechanism, health support, and expanding the country's reception capacity. Additional support was also provided for reinforcing border controls on the border with Bulgaria, and for supporting the local communities affected by the refugee crisis.

Case Study - Social inclusion of Roma in the Republic of Serbia

Roma are the most vulnerable, discriminated and marginalised group in Serbia and are affected by a high unemployment rate, high school dropout rates, and bad housing conditions. The EU contributed EUR 4.8 million to a project to reduce these gaps by improving access to personal documentation, introducing drop-out prevention programmes and scholarship schemes in schools, improving housing conditions and promoting sustainable employment. As a result, 469 Roma people obtained personal documents giving access to legal assistance, education, health and social care: 1 300 Roma children were enrolled in preschool education facilities; 1 000 Roma high school students received EU-sponsored scholarships; and 65 Roma men and women were employed by businesses.

Turkey

Cooperation with Turkey has been stepped up in all key areas of joint interest since the first EU-Turkey Summit of 29 November 2015. Key milestones were the establishment of the Facility for refugees in Turkey, which provided support for refugees and hosting communities and the EU-Turkey Statement of 18 March 2016 which paved the way for a reduction in irregular crossings and deaths linked to the migration flows across the Aegean Sea.

In 2016, IPA II programming and implementation continued in a difficult political context, marked by the violent coup attempt in July 2016 and a series of terrorist attacks, which the EU condemned in the strongest terms, and the measures taken by the government in the aftermath of the coup attempt, which exacerbated backsliding in the fields of the rule of law and fundamental rights.

The annual action programme for 2016 amounting to EUR 238.3 million was adopted in December 2016 with a focus on democracy and governance, rule of law and fundamental rights as well as agriculture and rural development. A major share of funding is channelled to Home Affairs (EUR 92 million) in line with the set priorities.

The EU also underlined the importance of enhancing people-to-people contacts by resuming and continuing beyond 2018 the support for the *Jean Monnet Scholarship Programme*, including scholarships for academic studies in EU Member States. Moreover, Turkey's participation in EU programmes and agencies as well as civil society and inter-cultural exchanges between the EU and Turkey continue to be co-funded by IPA.

Further priorities include enhancing the respect for fundamental rights and the protection of vulnerable groups, with a specific focus on women's rights, gender equality and Roma integration. In the field of the judiciary, priorities include strengthening the efficiency and administration of the judiciary and the reform of the penitentiary system.

In the field of agriculture and rural development, support will be provided to align Turkey's legislation with the *acquis* in negotiation chapters 11 (Agriculture) and 13 (Fisheries) and to improve Turkey's institutional capacities in these fields.

Case study - The Facility for Refugees in Turkey

The EU Facility for Refugees in Turkey became operational in February 2016, to provide a joint coordination mechanism to mobilise EUR 3 billion both from the EU budget (EUR 1 billion) and contributions from Member States (EUR 2 billion). The total budget of EUR 3 billion covers the period 2016-2017.

The Facility is a coordinating mechanism that ensures the optimal mobilisation of relevant existing EU financing instruments, either as humanitarian assistance or non-humanitarian assistance, to ensure that the needs of refugees and host communities are addressed in a comprehensive and coordinated manner. In its delivery, the Facility pays particular attention to the situation of human rights of refugees overall and supports in particular women, children and disabled persons.

As of 31 December 2016, EUR 2.2 billion was programmed, EUR 1.5 billion was contracted through 37 projects, and EUR 750 million had been paid out. Funding already started to have an impact on the ground with numerous programmes rolled out.

Under the humanitarian assistance strand of the Facility, 27 projects were contracted with 19 partners, covering the response to basic needs, protection, education, health, food and shelter. The Commission launched its largest ever humanitarian programme in EU history, the Emergency Social Safety Net (ESSN), for an amount of EUR 348 million in September 2016. It provides the most vulnerable refugees with monthly cash transfers delivered through an electronic debit card to help cover basic needs. The Commission is aiming to support 1.3 million refugees through the ESSN by the end of 2017.

In July 2016, the European Commission adopted a Special Measure in the areas of education, health, municipal infrastructure and socio-economic support for a total amount of EUR 1.415 billion. The Special Measure includes among others, two major direct grants that were signed in September 2016 with the Turkish Ministry of Health and National Education, worth EUR 300 million each. The former provides primary healthcare services to two million people and rehabilitative mental health services up to one million people. The latter provides half a million Syrian children with access to regular schooling. In addition, in December 2016 two contracts worth a total of EUR 200 million were signed with the KfW Development bank and the World Bank to build and equip 70 new schools in provinces with a high concentration of Syrian refugees. The construction and equipping of these schools will benefit 50 000 Syrian children.

Further information on the Facility here: https://ec.europa.eu/neighbourhood-enlargement/news_corner/migration

Regional cooperation

Significant progress is being made in the context of the 'Berlin process' and the Western Balkans Six format, which is supporting a regional approach to setting realistic priorities for core connectivity infrastructure projects and investments as well as encouraging necessary reforms. In Paris in July 2016, heads of State and governments from both the region and several Member States took stock of progress and agreed priorities for further infrastructure developments.

In the area of transport, agreement has been made on establishing a core network and on extending three Trans-European Transport Networks core corridors to the Western Balkans. The countries identified the priority projects along sections of these corridors to be implemented by 2020. For energy, a selection of priority Projects of Energy Community Interest (PECI) was also identified, notably power interconnectors.

The investment projects identified will require significant funding and co-financing including through the Western Balkans Investment Framework (WBIF) in order to support investments boosting jobs and growth and promoting connectivity in the region.

Moreover, a regional Youth Co-operation Office has been established in Tirana as part of a youth agenda, and specific facilities for extending Erasmus to the region have been developed. Lastly, the Commission has promoted a pilot phase of a Young Civil Servants' scheme.

The third regional conference for the monitoring of the Guidelines for EU support to Civil Society in the enlargement countries took place in Skopje on 27-28 April 2016. Ten operating grants with regional civil society networks were renewed.

Case Study - Connectivity agenda

In the Western Balkans connectivity is at the very heart of the Commission's efforts to promote integration. The EU has set aside up to EUR one billion for investment projects and technical assistance for the period 2014-2020. The Commission pledged an annual Connectivity Package of investment funding worth EUR 145.5 million, for three railway projects and green energy funding, to be financed under IPA 2016. So far EUR one billion in investments were mobilised to build 450 km of electricity transmission lines and 237 km of railway tracks as well as two modern and efficient cross border points. The investments are also expected to considerably increase energy savings.

Cross-border cooperation

In 2016, the cross-border cooperation (CBC) Programmes 2007-2013 between IPA Beneficiaries (i.e. at intra-Western Balkan borders) were still in the implementation phase. In addition, eight bilateral CBC programmes for the period 2014-2020 between IPA II Beneficiaries were on-going and a new bilateral CBC programme 2016-2020 between Serbia and the former Yugoslav Republic of Macedonia was adopted. Thematic priorities of CBC programmes under IPA II include tourism, cultural and natural heritage, environmental protection, employment, mobility and social inclusion. In addition, ten cross-border cooperation programmes between the Western Balkans, Turkey and Member States were on-going.

Case study - Promoting rural tourism in the border region between Montenegro and Kosovo

The aim of this project worth EUR 505 700 is to promote tourism in the mountainous cross-border area between Kosovo and Montenegro. This area boasts numerous natural and cultural attractions such as the "*katuns*" with temporary farmers' settlements built high up in the mountains where the cattle are brought during the summer. The project is creating thematic routes and signposting of *katun*

trails, building resting points and camping sites along the thematic *katun* trails and promoting the unique value of *katun* by incorporating them in tourist packages. In 2016, solar panel systems were provided to 54 families -living in *katuns*- who have not benefited from EU support in the past.

3.2. European Neighbourhood

3.2.1. European Neighbourhood East

Introduction

Even in a challenging context, the EU continued to develop relations with the Eastern Partnership (EaP) countries during 2016.

The year was marked by progress in the bilateral relations: the Association Agreements with Georgia and Moldova entered into force on 1 July 2016, providing a solid basis for the reform processes. The Deep and Comprehensive Free Trade Area (DCFTA), part of the Association Agreement between the EU and Ukraine, was provisionally applied as of 1 January 2016, with the aim of boosting trade and economic development. EU financial and technical assistance continued to be crucial in supporting reforms in Ukraine. The EU has provided a major support package in priority reform areas established together with Ukraine and EU Member States, facilitated via the Support Group for Ukraine (SGUA).

The differentiation principle of the 2015 European Neighbourhood Policy (ENP) Review opened new avenues for developing relations also with the countries for which an Association Agreement was not the appropriate form of cooperation. The negotiations on a new agreement with Armenia, launched in December 2015, advanced rapidly and were concluded in February 2017. The Council granted a mandate to the Commission to also negotiate a new Agreement with Azerbaijan to update the current one, which was concluded in 1996. The critical engagement with Belarus progressed after most of the restrictive measures were lifted as of March 2016 and regular high-level meetings were started to steer the cooperation. The mandate of the European Investment Bank (EIB) was also extended to Belarus as an additional sign of a new phase in the relations. In parallel, the preparation of the next Single Support Framework (SSF) documents for 2017-2020 was launched for Armenia, Belarus, Georgia, Moldova and on a regional basis.

The multilateral dimension of the Eastern Partnership was also strengthened. The 2015 Summit in Riga was followed up by a Ministerial meeting in May 2016 that confirmed the consensus to step up actions in four key priority areas: Economic development and market opportunities; strengthening institutions and good governance; connectivity, energy efficiency, environment and climate change; and mobility and people-to-people contacts. The implementation of the Riga Priorities and the revised ENP was advanced in 2016 with the adoption of the "20 Deliverables for 2020"; a set of twenty concrete deliverables across the four Riga priorities, to be achieved by 2020 in the framework of the Eastern Partnership.

Donor effectiveness, donor coordination and Joint Programming

In 2016, Joint Programming continued to progress on the basis laid down in 2015, when three EU Delegations (Moldova, Georgia, and Armenia) formally agreed on a joint road-map with Member State local embassies and donor agencies and started work on joint analysis: the first 'building block' of Joint Programming. A year later, in all three countries, progress has been made with the development of the joint EU analysis of socio-economic challenges, approved by EU Delegations and Member State Embassies and positively perceived by partner countries' governments. This joint analysis will help to improve the relevance and effectiveness of future programming of financial assistance in these countries. For Ukraine, as was already the case in 2015, the EU stepped up collaboration with Member States in the design of major support programmes to improve effectiveness and coherence of the EU's response to the country's crisis.

Donor coordination is also part of discussions under the Eastern Partnership Platforms and Panels, enabling a more strategic and coordinated assistance to the partner countries. Efforts were made to improve coordination with IFIs, be it through coordination meetings or joint thematic missions, such as on energy efficiency. Furthermore, the European Commission continued its active engagement in multi-donor initiatives, such as the Eastern Europe Energy Efficiency and Environment Partnership.

Working towards the Sustainable Development Goals (SDGs)

Principally guided by the revised European Neighbourhood Policy (ENP) and the priorities established at the Eastern Partnership (EaP) Summit in Riga in 2015, the EU's relations with its eastern neighbours are well aligned with and support the implementation of key global policy goals set by the UN 2030 Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change. Commitments made as part of these two documents have served as a reference for shaping the 20 key deliverables related to the Riga Summit's four priority areas. The thematic coverage of these deliverables corresponds to the SDGs and their targets. For example, the Riga Priority 3 area covers nine out of 17 Goals while Priority 2 is aligned with seven SDGs. The 20 deliverables provide a comprehensive and coherent framework for guiding shared actions in the next phase of the Eastern Partnership until 2020, and also allowing for an easier monitoring of progress. Both regional and bilateral assistance has been going through a process of alignment with this framework that will be completed in 2017. Further comparison and alignment with SDGs will be conducted in the future.

Bilateral Cooperation Including Budget Support

Armenia

In Armenia EU assistance achieved visible results in various sectors, e.g. on labour market efficiency, regional development, agriculture, justice sector reform, e-governance, strengthening of civil society, public administration reform and border management and migration.

Growth and economic development have been at the heart of the bilateral cooperation between the EU and Armenia, including improving the business and investment climate for SMEs as well as their access to finance. The EU has also supported the economic competitiveness of Armenian regions by assisting in the preparation of the Armenian strategy for regional development and by launching a Pilot Regional Development Programme scheme.

The EU Delegation actively engaged in high-level and technical discussions in the field of protection of human rights, supporting the initial implementation of a Human Rights budget support programme on improving the electoral system, the fight against torture, the fight against discrimination, gender equality and the protection of children's rights.

Two new Budget support programmes were signed in 2016 in the fields of vocational and educational training as well as in the field of public finance management reform. The first will assist Armenia in improving the efficiency of its labour market and the employability of its workforce, with a particular emphasis on agricultural employment. The second focuses on reforms of fiscal governance, programme budgeting, public accounting, public procurement, public internal controls, public and citizen oversight, and external audit.

Azerbaijan

In Azerbaijan, EU assistance in 2016 took place in the context of an economic crisis, pushing the structural reform agenda in the three focal sectors of EU assistance (education, rural/regional development and justice) forward. The EU played an important role in shaping the government's reform agenda in the areas of agriculture, trade, SME development and vocational and educational training where it worked in enhanced coordination with the EU and other partners through EU+ joint programming. As in previous years, the twinning instrument has remained a successful instrument in supporting the Government's efforts to modernise its administration and to approximate to European standards and practices in selected sectors. Enhanced dialogue on public finance management also continued in 2016.

Belarus

Cooperation between the EU and Belarus has been stepped up since 2014 through a number of different channels, such as the European Modernisation Dialogue and the negotiations on a Visa Facilitation and Readmission Agreements and a Mobility Partnership. In January 2015, the Council adopted 29 measures aimed at enhancing EU-Belarus cooperation in a number of economic, trade and assistance related fields. After Belarus undertook several positive steps, the EU lifted most of the restrictive measures as of 1 March 2016.

In 2016, the assistance provided to Belarus focused on several important areas: the technical cooperation facility is helping to address the phenomenon of increasing number of irregular migrants, it is strengthening private initiative and growth, and supporting the European Humanities University. The technical cooperation facility supports Belarus in implementing structural and institutional reforms and will enhance the capacity of the Belarusian public governmental institutions. The programme concerning irregular migrants supports Belarus in the development and implementation of the country's policies and strategies on irregular migration and asylum. The private initiative growth programme promotes small and medium enterprises as core engine of local and regional growth. The European Humanities University will provide education for young Belarusians in the academic years 2017/2018 and 2018/2019.

Georgia

2016 marked the full entry into force of the Association Agreement with Georgia, following ratification by all EU Member States. Parliamentary elections took place in a stable environment and resulted in maintaining the European strategic orientation as well as broad political and public support. With extensive EU support, Georgia has progressed considerably in implementing reforms, strengthening democracy and the rule of law. In 2016, the main focus was to assist Georgia in developing its agriculture sector, further consolidating the independence of the judiciary, enforcing Deep and Comprehensive Free Trade Agreement (DCFTA) provisions and developing entrepreneurship as well as implementing public administration reforms.

This has resulted in many improvements for the lives of the Georgian people. EU support helped raise the income of more than 13 000 Georgian farmers by an average of 20 % thanks to the establishment of cooperatives and information centres. Access to justice is facilitated through the establishment of a governmental legal aid service, which has provided over 175 000 Georgians (many of whom cannot afford a lawyer) with free legal counselling and aid.

Support is also provided to increase the competitiveness of SMEs and to help Georgian products meet European standards. 100 companies have already received technical advice with EU support, information centres on EU trade are being set up in the regions, and EU-backed credit lines will provide finance to Georgian SMEs. EU support has also been instrumental in adopting over 7 000 European standards in the areas of health, safety and environmental protection resulting in a visible increase in Georgia's exports to the EU. These exports now range from Georgian kiwis, blueberries, nuts and garlic to wine, copper and petroleum oils. Georgia can now start exporting honey while the first Georgian wool exports have already reached the UK market.

To tackle corruption and make the administration more effective, 44 community centres have been established with EU support, with a view to improving access to administrative services for people in smaller town and villages.

Moldova

2016 was a year of new beginnings in Moldova. Following the February 2016 Council Conclusions⁹⁵ on Moldova, some reforms on public administration and anti-corruption have been initiated. The EU, including through its assistance, supported this process extensively. However, Moldova needs to make further efforts in improving the rule of law and strengthening the independence of the judiciary.

⁹⁵ Council of the EU – Press release 60/16 15/02/2016

The IMF programme for Moldova agreed on 7 November 2016 was also an important milestone, allowing EU budget support payments to be resumed.

EU assistance has helped create jobs, improve living conditions and support the modernisation of the administration. Several key projects were completed in 2015-2016, resulting in new drinking water supply infrastructures in several municipalities (e.g. in Nisporeni, Vărzărești and Grozești), providing safe drinking water to more than 15 000 people; public transport improvements in Chisinau and Balti; biomass heating systems installed in 225 public buildings including schools and village halls, creating better and cheaper heating; eight business incubators (e.g. in Cimislia, Nisporeni); and confidence-building measures allowing 70 people from both sides of the Nistru River to set up businesses and create 350 jobs.

The 2016 Annual Action Programme supports job creation in rural areas and rural development with EUR 60 million. The programme also helps support the implementation of the Association Agreement by way of an assistance package for a technical cooperation facility totalling EUR 29 million.

Ukraine

EU financial and technical assistance continues to be crucial in promoting reforms in Ukraine. In 2016, the country continued to pursue a steady pace in reforms across a number of sectors of the economy and society. The new government under Prime Minister Groysman confirmed its commitment to the earlier set reform priorities, guided by the Association Agreement and Association Agenda and also reflected in the IMF programme.

In 2016, important milestones in Ukrainian reforms include progress on anti-corruption, in particular the requirement for all public servants to submit e-declarations of their assets, the steps taken for the renewal of the judiciary, the enactment of the civil service law, better regulation and increased economic freedom, the law on the energy regulator, a more transparent budget process, the advancement on the clean-up of the banking system and the full-fledged functioning of the public procurement platform ProZorro. Further efforts are needed to advance land reform, privatisation of State-owned enterprises and reforms in tax and customs.

The provisional application of the Association Agreement (AA) (including the DCFTA as of 1 January 2016) prompted initial, if modest, movement in the development of trade relations. The agreement has already produced concrete and considerable results: the volume of trade between the EU and Ukraine has increased by 8.1 % in just one year.

EU assistance for the implementation of the AA/DCFTA was significantly enhanced with the EUR 7.7 million project Association4U. This project aims at supporting Ukraine to fulfil its commitments under the DCFTA in terms of legal approximation and at improving communication on EU integration within the government and towards the Ukrainian society. In addition, small and medium enterprises benefit from the EU4Business initiative and from access to finance to support export-related activities under the DCFTA facility.

Regional cooperation

Concerning market opportunities and economic development, bilateral and regional programmes under the EU4Business initiative continued to be the key tool to achieve concrete impact for SME development, that is complementary to the countries' national reform plans. In the context of the DCFTAs established between the EU and Georgia, Moldova and Ukraine, the EU jointly with EBRD, EIB and KfW Development Bank, put in place the DCFTA Facility for SMEs, which started to be fully operational in 2016. To develop the digital economy, the Eastern Partnership countries have agreed during 2016 to focus their digital cooperation on six priority topics. Regional Eastern Partnership networks have been established for each of these topics and action plans for 2017-2020 have been drawn up.

As regards good governance and the strengthening of institutions, the Programmatic Cooperation Framework with the Council of Europe for the Eastern Partnership countries continued to promote

reforms in five areas: protecting and promoting human rights, ensuring justice, combating threats to the rule of law, addressing the challenges of the information society and promoting democratic governance. Moreover, under the Eastern Partnership Police Cooperation Programme, further assistance was provided to reinforce Eastern partnership countries' capabilities in the field of combating serious and organised crime as well as to foster cooperation on police issues related to cross-border crime.

As regards connectivity and energy efficiency, in 2016, regional co-operation focused on the four Riga priorities. Milestones included the launch of large new regional programmes to promote evidence-based energy policy-making and efficient water resource management, as well as the ministerial endorsement of the extension of the comprehensive transport network to the Neighbourhood East region.

In the areas of mobility and people to people an increased emphasis has been put on youth partnerships, education and employment opportunities, further to the adoption of the Joint Communication 'Towards a new European Neighbourhood Policy'. Education and youth cooperation has been supported by Erasmus+ with 10 450 higher education exchanges and 14 000 mobility opportunities in the non-formal education sector (youth exchanges, volunteering, and policy dialogue). Furthermore, a new EU4Youth Programme for the Eastern Partnership, worth EUR 20 million, was adopted to promote youth employability and entrepreneurial potential, and to include a dedicated Youth Eastern Partnership Youth Window for mobility projects under Erasmus+. The participation of countries in Erasmus+, Creative Europe (for Georgia, Moldova and Ukraine), COSME (Europe's programme for small and medium-sized enterprises) and Horizon 2020, including the Marie Skłodowska-Curie actions, opens up new cooperation opportunities for administrations, businesses, cultural and audio-visual operators, professionals, young people, students and researchers.

Case studies

Case study - EU support to energy security and reforms in Ukraine

Through technical advice, the EU has assisted the Ukrainian government in preparing the establishment of an independent energy regulatory authority, and new laws to improve efficiency in the energy sector. Gas prices have been brought up to market levels, and the main gas company NAK Naftogaz was unbundled. The EU also devoted great attention to nuclear safety projects, as well as the New Safe Confinement above the fourth reactor of the Chornobyl Nuclear Power Plant (NPP) put in place in November 2016. The new Memorandum of Understanding on a Strategic Energy Partnership between the EU and Ukraine signed in 2016 will further invigorate cooperation in the field of energy.

Case study - Rehabilitation of the water supply system in Moldova

The EU provided EUR five million for the rehabilitation of the water system in the municipalities of Nisporeni, Vărzărești and Grozești in the Republic of Moldova. The new water infrastructure provides safe and sufficient drinking water to approx. 15 774 people or 76 % of the total population. To that end, a total of 101.87km drinking water distribution networks were constructed including 3 938 physical service connections. In addition, the sustainability of the project results has been supported through institutional capacity building with a new regional water utility, established by the beneficiary municipalities, with the aim of operating and maintaining the new water infrastructure.

Case study - Modernisation of buses and promotion of public transport in Georgia

An important achievement in 2016 was the improvement of Tbilisi bus operations by modernising its bus fleet. Thanks to EU support totalling EUR seven million, there are now 143 environmentally friendly buses (powered by compressed natural gas) working in Tbilisi, providing quality transport and causing less pollution. They also promote the use of public transportation instead of private vehicles. This is fully in line with Georgia's commitments on transport and environment under the Association Agreement and will contribute to achieve cleaner air in the Georgian capital.

Case study - Regional cooperation on road safety

This project worth EUR 1.9 million provides technical assistance to beneficiary countries for implementing measures to upgrade national legislation with a view to aligning with international standards on road safety. The main target groups are the key stakeholder ministries in charge of road safety in each country. For instance, in Ukraine advice has been provided to relevant government organisations on safety legislation, coordination, management and funding for road safety. In Georgia, the project team has assisted relevant government ministers, the insurance regulator and insurance industry to start discussions about the development of a suitable mandatory third-party insurance system, on which a levy can be included to enable better management and funding of road safety activities.

3.2.2. European Neighbourhood South

Introduction

During 2016, the EU continued to develop relations with the Southern Neighbourhood in a challenging context, in particular in view of the instability prevailing in many countries as well as limited regional integration.

The European Neighbourhood Instrument (ENI) proved a flexible and responsive tool to address common priorities and react to protracted crises. The 2016 cooperation package, of around EUR 1.5 billion, was adapted to the evolving situation in the region. The EU Regional Trust Fund in Response to the Syrian crisis provided an increasing share of the EU's non-humanitarian aid for Syria's neighbouring countries. The Trust Fund brings a more coherent and integrated EU response to the crisis and primarily addresses the longer term economic, educational and social needs of Syrian refugees in neighbouring countries. The EU also adopted Compacts with Jordan and Lebanon, as the framework through which the mutual commitments made at the 2016 London Conference on "Supporting Syria and the Region" are translated into actions.

Addressing the Central Mediterranean migration route, the EU established in 2016 the North of Africa window of the EU Emergency Trust Fund for Africa, which aims at improving migration management in all its aspects.

A commitment was made to significantly increase assistance to Tunisia⁹⁶. Cooperation with Morocco continued against the background of a ruling of the European Court of Justice regarding EU-Morocco agricultural agreements. In Libya, the EU continued to deliver support by re-orienting projects in the areas of health, media and providing support to civil society initiatives. At political level, Partnership Priorities were agreed with Lebanon and Jordan, while a provisional agreement was reached on

⁹⁶ EU-Tunisia Joint Communication *Strengthening EU Support for Tunisia*, JOIN(2016) 47 final, 29.9.2016

future Partnership Priorities with Algeria and Egypt. In Palestine⁹⁷, the EU continued to provide significant support to the Palestinian Authority and worked to improve living conditions in the Gaza Strip. In parallel, the 2017-2020 programming of the ENI was launched through the preparation of Single Support Frameworks (SSF) for the 2017-2020 period for Lebanon, Palestine, Egypt, Jordan and Tunisia.

Bilateral actions focused on the priority areas laid out in the 2015 ENP review as key to stabilisation in the Neighbourhood. Actions were launched in 2016 in the fields of democratic governance, rule of law and fundamental rights, as well as economic governance and structural reforms for improved competitiveness and inclusive growth, with a focus on youth employment. Initiatives in social sectors (health, education, youth, water sanitation and waste management) and local development were also included. Other important sectors have been only addressed in specific countries (e.g. water in Palestine) or tackled at regional level (security). The EU also continued to promote economic and trade opportunities through support measures to accompany the Deep and Comprehensive Free Trade Area (DCFTA) negotiations with Jordan, Tunisia and Morocco.

In 2016, the EU continued to promote regional cooperation with the Southern Mediterranean countries through policy dialogue with regional organisations such as the Union for the Mediterranean (UfM), the League of Arab States (LAS), and the Anna Lindh Foundation (ALF) as well as through regional actions in priority areas of the ENP, such as job creation, youth and security. The EU and the League of Arab States (LAS) created new working groups on organised crime and migration. The Union for the Mediterranean (UfM) regional dialogue in the fields of industrial cooperation, digital economy and research and innovation continued in 2016, and the first UfM Ministerial Meeting on Regional Cooperation and Planning resulted in state partners committing to a stronger regional cooperation framework with the emphasis on concrete, tangible initiatives and projects.

Blending under the Neighbourhood Investment Facility (NIF) was increasingly used in close cooperation with European Finance Institutions. In addition, in September, the Commission proposed to set up a new European External Investment Plan (EEIP) to stimulate investments in the Neighbourhood (and in Africa) for growth and job creation.

Development effectiveness, donor coordination and Joint Programming

Following Council Conclusions of 12 May 2016 and the joint letter of High Representative/Vice President (HRVP) Mogherini, Commissioner Hahn and Commissioner Mimica to Heads of Missions of July 2016 the impetus on Joint Programming (JP) has been renewed.

Palestine has published the first-ever European Joint Strategy in support of Palestine, endorsed by Heads of Mission on 22 December 2016, in line with the EU Global Strategy, the revised Neighbourhood Policy and the revised Consensus on Development. After adoption by the Commission, it will replace the EU multi-annual programming document.

In Egypt, a particular milestone was the endorsement by Heads of Mission of the Joint EU Analysis in September 2016 as part of the Joint Programming process re-launched in 2015. Other key achievements related to the objective of enhancing donor coordination include the Delegation assuming the co-chair of the Development Partners Group in the second semester of 2016, as well as the Delegation's leading role in redefining EU-World Bank coordination and cooperation in Egypt as presented at the EU-World Bank Group Middle East North Africa (MENA) Day in October 2016.

In Tunisia, the Joint Programming process has been re-launched following the joint Commission Services Mission in October 2016, which included a meeting on Joint Programming with Member States.

In Jordan, efforts focused on joint analysis in a limited number of sectors, such as the education sector in response to the Syrian crisis. Together with Member States, the EU Delegation initiated

⁹⁷ This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the EU Member States on this issue.

crucial support to Jordan's resilience and developmental agenda in the Water and Energy sectors by financing through the NIF the extension of the electrical grid (the Green Corridor implemented by the National Electric Power Company (NEPCO)) and water interconnection between the Jordan Valley and the Northern part of Jordan.

Prospects for Joint Programming in Lebanon are increasing after the identification of possible sectors for intervention. In Algeria discussions on the Single Support Framework 2018-2020 revealed broad consensus on the jointly identified priorities for future cooperation.

In 2016 several ministerial meetings, sectorial working groups and dialogues on different issues such as employment, transport, digital economy, labour, energy and cooperation and planning were organised in the context of the Union for the Mediterranean (UfM) under the co-presidencies (Jordan, European Commission) and with representatives from Member States and partner countries in order to keep them informed of the progress of the EU funded regional initiatives and to take their recommendations and proposals into account. Furthermore, the Southern Mediterranean Investment Coordination Initiative (AMICI) aims to coordinate the EU's activities in its Southern Neighbourhood related to growth, facilitating investments and job creation, through synergies between the EU, Member States and the European financial institutions.

Working towards the Sustainable Development Goals (SDGs)

In the Neighbourhood South region, the programmes launched in 2016 have addressed SDG related issues pertaining to economic growth and employment, social protection, rule of law and good governance, environment, health, education and gender.

Regarding promotion of economic growth and employment, in Egypt, a programme supports inclusive growth and job creation. In Palestine, support to economic development is ensured through agribusiness and access to land in Area C in the West Bank and water in Gaza. A major programme supporting social protection is being developed in Morocco.

Good governance is being addressed at central level (support to public financial governance in Algeria, to public statistics in Palestine, to the justice sector in Lebanon, to modernisation of public administration in Tunisia and to the electoral system and Parliament in Jordan) as well as at local level (support to municipal development in Lebanon).

Access to healthcare services is supported in Tunisia and to health information system in Libya. Health services are provided to Syrian refugees throughout the region through the EU Regional Trust Fund in Response to the Syrian Crisis.

Furthermore, this Trust Fund enables the populations affected by the Syrian conflict to access quality primary and higher education. Vocational training is also supported, for example in Morocco.

Gender equality is supported in Egypt through advancement of a Women's rights' programme while mainstreaming gender issue in programmes is a constant concern in cooperating with Neighbourhood south countries.

Environmental issues are tackled through support to waste management programmes (Jordan), and rural sanitation and water drainage (Egypt). Support is provided to renewable energy and energy efficiency in Algeria and Jordan.

In 2016 several regional operations were launched in the Neighbourhood South in the field of investments, Small and medium enterprises (SMEs), financial inclusion, trade, police, justice, social dialogue and the fight against terrorism. All these operations are contributing to promoting inclusive and sustainable economic growth, employment and decent work for all (SDG8) and just, peaceful and inclusive societies (SDG16). Gender equality is also mainstreamed in all regional actions contributing to the empowerment of all women and girls (SDG5).

Implementation

Bilateral Cooperation

Egypt: In 2016, assistance to Egypt continued to focus on the socio-economic sector and support for civil society. The 'EU Facility for Inclusive Growth and Job Creation' was signed in December 2016 with the overall objective of contributing to stabilisation by promoting sustainable economic development. Support to Women's rights benefitted from a new programme in 2016 which facilitates access of citizens, particularly women and girls, to public services. The EU also contributed to Egypt's National Drainage Programme III that is a key part of the government's Water Resources Development Strategy.

Israel: As a developed OECD country, Israel has only benefited from a EUR 1.8 million budget for Institutional Twinning under the 2016 European Neighbourhood Instrument (ENI) envelope. Ongoing twinning projects include EU supports to statistics, veterinary inspection and environmental protection.

Palestine: In 2016, the bulk of EU funding was channelled through the *Mecanisme Palestino-Europeen de Gestion de l'Aide Socio-Economique* (PEGASE) Direct Financial Support to the recurrent expenditures of the Palestinian Authority and contribution to United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). In parallel, EU-funded programmes to Palestine are in line with priorities set with the Palestinian Authority and focused on governance and rule of law, economy and agriculture and East Jerusalem. Programmes addressed support to the implementation of core Human Rights Treaties, reinforcement of the justice and security sectors and support to public statistics. Support to economic development is ensured through agribusiness and access to land in Area C and water in Gaza. Finally, in the perspective of the two-State solution, a programme seeks to prevent the population in East Jerusalem from being further coerced into leaving the city, preserving the Palestinian identity of Jerusalem in future status talks.

Jordan: 2016 EU's programmes for Jordan focused on the area of solid waste management, one of the most important services provided by local authorities. The overall objective of this action is to improve health, environmental conditions and quality of life of citizens by developing environmentally and financial sustainable systems for solid waste management. Moreover, the EU funded a Democratic Governance programme that will assist the Jordanian authority in implementing EU Electoral Observation mission recommendations, while reinforcing civil society and the political party system. In addition, support to a Renewable Energy and Energy Efficiency Programme that started in 2015 continued and was carried over to 2016.

Lebanon: In 2016 EU's assistance to Lebanon supported the rule of law and governance aspects pertaining to juvenile and criminal justice in Lebanon, inclusive education, training and career guidance for Palestinian refugees in deprived urban areas of North Lebanon. Additional support was provided to improve the capacity of the Lebanese administration to meet the commitments undertaken in the context of the EU-Lebanon Association Agreement and Partnership Priorities.

Furthermore, the EU agreed 'Compacts' with Jordan and Lebanon representing the framework through which mutual commitments made at the London Conference on 'Supporting Syria and the Region' in February 2016 are translated into actions. Compact priority actions are funded through the additional EU funds pledged for Lebanon and Jordan at the London Conference, amounting to EUR one billion allocated for 2016 and 2017 as well as additional funds that the EU may make available. These compacts focus on strengthening the economic resilience of the host countries, while enhancing economic opportunities for Syrian refugees, through increased protection and access to employment and quality education. They will contribute to providing an appropriate and safe environment for refugees and displaced persons from Syria during their temporary stay in these countries.

Syria: Bilateral cooperation has been halted since 2011. Assistance continues to be provided on a large scale to the Syrian people by continuing efforts to ensure the resilience of the population affected by the conflict and at paving the way for transition and post-conflict recovery of Syria, both

inside the country and in the neighbouring area. In Syria, ENI assistance is provided in sectors such as education, support to livelihoods, civil society capacity building, health and cultural heritage preservation.

Longer-term resilience and early recovery needs of Syrian refugees in Jordan, Lebanon, Turkey, Iraq, Egypt and affected countries in the Western Balkans as well as host communities and their administrations are being addressed by the EU Regional Trust Fund in Response to the Syrian Crisis (see box below).

Morocco: In 2016, the EU continued to support Morocco's effort to improve the social security system and reduce the social and territorial disparities that exist in Morocco. A new cooperation programme has been agreed with the Moroccan authorities; this programme aims to consolidate the financial management of the system while ensuring the overall operational and policy coherence of its various pillars. In addition, the EU continued to support Morocco's endeavour to better integrate migrants into its public policies, notably by ensuring their access to education, healthcare and vocational training. Support to civil society was also largely enhanced in 2016 with a new civil society programme which will support local organisations in the most remote areas of Morocco in carrying out their activities in favour of social cohesion and equality.

Tunisia: In 2016, EU intervention continued to assist Tunisia to deal with the multiple socio-economic challenges that continue to impact the transition towards democracy. Tunisia and the EU agreed to cooperate in the fields of education and health with two programmes which will respectively look at ensuring equitable access to quality education and primary healthcare across the national territory. In line with the Initiative for Youth launched on 1 December 2016 by HRVP Mogherini and Tunisian President Essebsi, the education programme will also buttress the Erasmus + programme by providing additional scholarships to Tunisian students and teachers to join European universities for a semester or more. EU cooperation with Tunisia also looked at the reform of public administration currently being implemented by the Tunisian government with a view to improving its capacity to respond to citizens' expectations and needs. Finally, EU support to decentralisation has been reinforced with the adoption of a new programme which will cater for equipment needs of many municipalities in poorer regions while providing the institutional support needed to ensure the success of the long and complex decentralisation process ahead.

Algeria: in 2016, the EU focused its assistance to Algeria on supporting the country in coping with the difficult macro-economic situation generated by the steep fall in oil and gas prices. A new programme to support the reform of public financial management was agreed upon which will support the Ministry of Finance's efforts to modernise its budgeting and expenditure control processes with a view to rationalising the use of public expenditure and improving its contribution to economic growth. In the wake of the EU-Algeria High-Level Strategic Dialogue on Energy, another programme will assist Algeria in implementing a conducive regulatory framework for the promotion of renewable energy production and energy efficiency. The EU also continued to support Algeria in reaping the benefits of the Association Agreement notably through supporting its regulatory convergence effort with the EU *acquis*. In 2016, Algeria and the EU have also concluded 'Partnership Priorities', a political document, which in the wake of the renewed European Neighbourhood Policy, sets out the main axes of our bilateral collaboration for the period 2017-2020.

Case study - The EU Regional Trust Fund in Response to the Syrian Crisis

The EU Regional Trust Fund in Response to the Syrian Crisis was established in December 2014 to enable a coherent and integrated EU aid response to the Syrian crisis. The rationale behind the initiation of the EU Regional Trust Fund in Response to the Syrian Crisis was to fill the void between immediate humanitarian aid and longer-term development. In practical terms, the EU Regional Trust Fund in Response to the Syrian Crisis addresses longer-term resilience and early recovery needs (economic, educational, social and psycho-social and other basic services) of three groups: refugees, internally displaced persons, and returnees, and provides assistance to the host communities and host administrations. It paves the way for post-conflict reintegration and longer-term development. The funds' initial geographical focus was on Syria's neighbouring countries, Jordan, Lebanon and Turkey. This scope was expanded to Iraq in 2015 and to the Western Balkans for non-EU countries affected by the refugee crisis. Today, the EU Regional Trust Fund in Response to the Syrian Crisis is also one of the key instruments through which the new EU 'Compacts' with Jordan and Lebanon are implemented.

As of the end of 2016, the Trust Fund had mobilised EUR 932 million signed contribution certificates, of which EUR 815 million was from the EU Budget, while the contributions from Member States amounted to EUR 92 million with EUR 24 million from Turkey. The majority of this funding, EUR 767 million, has already been allocated through 20 Action Documents to concrete projects in five Board meetings between May 2015 and December 2016. By the end of 2016, EUR 339 million had been contracted in 14 large programmes with an average duration of 24-48 months, of which EUR 321 million was contracted in 2016 alone. Some project examples include:

Resilience and economic self-reliance 'Qudra': In cooperation with the *Gesellschaft fuer Internationale Zusammenarbeit* (GIZ), 975 000 youth in refugee camps and host communities in Lebanon, Jordan, Iraq and Turkey receive direct support towards greater economic self-reliance. The project is financed with EUR 70 million.

Primary Education and Psycho-social care: In cooperation with UNICEF, the EU Regional Trust Fund in Response to the Syrian Crisis provides up to 663 000 Syrian refugee and host community children and youth with access to quality education, protective services and psycho-social care in Lebanon, Turkey and Jordan. The project is financed with EUR 90 million.

Health, livelihoods and capacity building: A flagship programme in five countries with the Red Cross/ Red Crescent (RCRC). A Consortium of RCRC, with the Danish Red Cross in the lead, are reaching and benefitting at least 700 000 refugees in Turkey, Lebanon, Northern Iraq, Jordan and Egypt, with targeted projects on livelihoods, health and capacity-building. The project is funded with EUR 53 million.

Higher Education: The 'HOPES' project is implemented by the four European agencies: Deutscher Akademischer Austauschdienst (DAAD), British Council, Campus France and EP-Nuffic. The project aims to offer scholarships, educational counseling and language training to some 250 000 Syrian refugee and host community youth in Jordan, Lebanon, Egypt, Iraq and Turkey. The project is funded with EUR 12 million.

For further information please see the fact sheet:
https://ec.europa.eu/neighbourhoodenlargement/sites/near/files/eutf_syria_factsheet_0.pdf

Regional cooperation

Several UfM ministerial meetings were held in 2016 on labour and employment, energy, and - for the first time ever - on regional cooperation, resulting in partner countries committing to a stronger regional cooperation framework. An EU/LAS ministerial meeting was held in December 2016 setting the ground for closer cooperation in the coming years, with the creation of new working groups on organised crime and migration.

A new edition of the 'Civil Society Forum Neighbourhood South' was organised to facilitate debate on the regional policies with civil society representatives from partner countries. Support also continued to be provided to the Anna Lindh Foundation to promote intercultural dialogue.

The 2016 regional programmes, complementing bilateral actions, addressed major common priorities, namely job creation and inclusive growth through support to social economy and enhanced business linkages, as well as political inclusion, particularly for youth, along with cooperation on security. In the areas of mobility, education and youth, cooperation through the Erasmus+ programme has continued in the region (university staff and student exchanges, capacity building, youth exchanges and policy dialogue). The European Commission also continued to support the implementation of the Regional Transport Action Plan 2014-2020 for the Mediterranean region with projects promoting regulatory convergence and increased safety for road, rail, maritime and air transport.

Cross Border Cooperation

Cross Border Cooperation (CBC) is an important element of the EU's policy towards its neighbours from the East and South. In 2015 and 2016, a new package of 15 ENI-CBC programmes was adopted for the period 2014-2020, totalling around EUR one billion. The projects will aim at supporting sustainable economic development along the EU's external borders, thus reducing differences in living standards and addressing common challenges across these borders. For each of the new programmes the participating countries have selected up to four thematic objectives such as SME development, culture or environment and climate change. Cross-border cooperation adds a cohesion and territorial cooperation dimension to the EU's relations with its neighbours."

Case Studies

Case study - Egypt's Emergency Employment Investment Project

In light of Egypt's deteriorating economic situation and increased unemployment, the EU-funded Emergency Employment Investment Project, in collaboration with the World Bank and the Egyptian Social Fund for Development, provides employment opportunities for unemployed, unskilled and semi-skilled workers in the 51 poorest districts. The project also contributes to the creation and/or maintenance of community infrastructure and services and provides short-term training or other support services to facilitate the transition to waged or self-employment in particular for youth. As of 2016, over 43 000 direct beneficiaries have been reached, out of which 90 % are youth (aged 18-29) and 66 % of the beneficiaries are women. In addition, mother and childcare support has been provided for 1.17 million families, 5 107 literacy classes have been conducted, and youth employability activities have been organised for 2 260 young women and men.

Case study - Preparatory Action for supporting Arab Spring countries to implement asset recovery

The Arab Spring revealed the widespread corruption in Egypt, Tunisia and Libya. Apart from some EUR 25 million returned to Tunisia by Lebanon in 2013, not a single asset had been recovered by Egypt, Tunisia or Libya since the Arab Spring of 2011. This project implemented by United Nations Interregional Crime and Justice Research Institute (UNICRI) incorporates new approaches to seize and recover the illicit assets. By the end of a 2016 Egypt, with the support of the project, has reached several reconciliation agreements to recover corruptly stolen assets worth some EUR 300 million.

Case study - Supporting a universal medical insurance scheme in Morocco – phase III

In 2016, the EU pursued its support for the expansion of the universal medical insurance scheme in Morocco. This EU flagship programme, mixing technical assistance and budget support, is the third in a series of operations which started in 2005, aiming to assist Morocco in setting up a medical insurance system covering the whole Moroccan population. From a situation where only four million people benefitted from medical insurance in 2005, today close to 16 million people (roughly 50 % of the population) benefit from such medical coverage. Thanks to its support, the EU has contributed significantly to setting up the RAMED (medical assistance scheme for poor families) and to the establishment of the AMO (medical insurance scheme for wage-workers and the self-employed) thereby contributing significantly to the modernisation of the Moroccan social security system. However, this long-term reform faces a number of challenges, including the necessity to ensure the financial viability of the social security system, to pursue its expansion with a view to covering a larger share of the population and the need to ensure coherence between the various pillars of the social security system. The third phase of the EU programme will support the Moroccan Government in addressing these challenges. EU support to the expansion and modernisation of the medical insurance scheme is complementary to its programme to support the reform of the healthcare system, which facilitates equitable access to quality healthcare across the Moroccan territory.

3.3. African continental, Sub-Saharan Africa & all ACP programmes

3.3.1 Sub-Saharan Africa

Introduction

Post-Cotonou

In view of the expiry of the Cotonou Partnership Agreement in 2020, and following an evaluation of the exiting agreement, the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy adopted, in November 2016, the Joint Communication 'Towards a renewed partnership with African, Caribbean and Pacific countries after 2020' outlining the vision aimed at transforming the partnership into a stronger alliance, able to effectively contribute to building peaceful, stable, prosperous and resilient states and societies at our borders and beyond. The Communication proposes to agree with ACP partner countries on an umbrella agreement with common values, interests and facilitating increased cooperation at international level, which would go together with regional tailored partnerships for Africa, the Caribbean and the Pacific.

Delivering on the Africa-EU Partnership

In the context of the Joint Africa-EU Strategy, the Colleges of the African Union Commission and of the European Commission met in Addis Ababa in April 2016. Discussions focused on priority areas of the Joint Africa-EU Strategy (JAES), notably migration, peace, security and sustainable growth.

During 2016, important cooperation activities took place with the African Union Commission (AUC) through the Pan-African Programme. Cooperation with the AUC in the area of financial management has been enhanced by the implementation of an Aide-Mémoire signed in April 2016.

Our cooperation with Africa in the area of peace and security significantly increased in 2016. Substantial support was provided under the African Peace Facility (APF) to reinforce the African Peace and Security Architecture (APSA) and to finance African-led Peace Support Operations, such as the Multinational Joint Task Force against Boko Haram (MNJTF).

The 12th African Union – EU Human Rights Dialogue took place in January 2017 in Brussels. Both sides reaffirmed their commitment to the promotion and protection of human rights and to

collaboration on the effective implementation of continental and international human rights instruments.

On 13-14 April 2016 the 3rd African Union - EU High Level Policy Dialogue (HLPD) on Science, Technology and Innovation (STI)⁹⁸ took place in Brussels. It welcomed the strong joint investment of EUR 70 million in the first priority area of cooperation focusing on Food and Nutrition Security and Sustainable Agriculture (FNSSA).

Development effectiveness, donor coordination and Joint Programming

In order to improve the effectiveness of European Aid, the EU and its Member States agreed, in May 2016⁹⁹ to step-up Joint Programming. This instrument is used in 24 Sub-Saharan African countries: 10 in West Africa (Liberia, Guinea Conakry, Benin, Mauritania, Burkina Faso, Senegal, Ghana, Mali, Niger, Togo), five in Eastern (Somalia, Tanzania, Ethiopia, Kenya, Uganda), five in Southern (Madagascar, Zambia, Malawi, Comoros, Namibia) and four in Central Africa (Central African Republic, Cameroon, Chad, Rwanda). Joint Programming has been critical in the framework of wider forms of political engagement such as the High-Level Dialogues on Migration with strategic countries (e.g. Ethiopia).

Budget Support, making use of country systems and contributing to the improvement of public finance management, is being implemented in 19 countries in West and Central and 13 in East and Southern Africa. In line with the Busan principles on aid effectiveness, State Building Contracts, reinforcing partnerships and providing budget support to achieve development in fragile and conflict affected countries are implemented in 12 countries (Burkina-Faso, Burundi, Central African Republic, Cote d'Ivoire, Guinea-Bissau, Liberia, Mali, Madagascar, Mauritania, Sierra Leone, South Sudan and Togo).

Engaging with the private sector as a development partner contributes to aid effectiveness. The proposed European External Investment Plan (EIP) in 2016 provides for an integrated approach to boosting investments and job creation by involving the private sector. Africa, in need of 18 million new jobs per year given the current demographics, will benefit from this new approach.

The EU Trust Funds, largely used in Sub Saharan Africa, provide opportunities for the EU and its Member States to advance from joint programming to joint implementation in line with aid effectiveness principles. The Emergency Trust Fund for Africa (EUTF) fosters stability in the Horn of Africa, Sahel region and Lake Chad following the unprecedented displacement crisis and the Trust Fund "Bêkou" has done pioneering work as the first EU Trust Fund aiming to stabilise the Central African Republic.

In Rwanda, joint programming takes place with full country ownership. The Government monitors that development partners are active in no more than three sectors. The National Poverty Reduction Programme sets, in consultation with the development partners, measurable milestones to be achieved jointly by all stakeholders.

In Mozambique, joint analysis by EU partners has reinforced joint programming and resulted in the adoption of joint strategies such as the EU Democracy and Human Rights strategy.

Evaluations of the impact of EU interventions in Chad and Transport in Africa were undertaken.

In the area of health research, the second European and Developing Countries Clinical Trials Partnership programme (EDCTP2) has continued its investment in sub-Saharan countries. With a budget of EUR 1.37 billion (approximately half of it from the Horizon 2020 budget) over the duration of Horizon 2020, the European and Developing Countries Clinical Trials Partnership (EDCTP) aims to accelerate the development of new or improved drugs, vaccines, microbicides and diagnostics

⁹⁸ <http://www.rinea.org/en/589.php>

⁹⁹ The Council adopted conclusions on joint programming of the EU and member states' external assistance. Joint programming is a collective tool which can effectively contribute to the policy commitments made at the EU and global level. Brussels, 12 May 2016; 8831/16

against HIV/AIDS, tuberculosis and malaria as well as other poverty-related infectious diseases in sub-Saharan Africa, with a focus on phase II and III clinical trials. As a formal association of 14 European and 16 African Participating States, EDCTP exemplifies the equal partnership approach that the EU considers essential in its cooperation with Africa. During 2016, the overall amount to projects was EUR 158 million.

Working towards the SDGs

In 2016, economic activity in Sub-Saharan Africa showed its worst economic performance in two decades due to: lower commodity prices affecting resource rich economies (Angola, Democratic Republic of Congo, Ghana, Nigeria, Zambia); severe weather conditions (E.g. Ethiopia, Malawi, Zimbabwe) and security issues (E.g. Central African Republic, Chad, Mali, South Sudan). Guinea, Liberia, and Sierra Leone were recovering from the Ebola epidemic. Most of the commodity-importing countries (Ivory Coast, Kenya, and Senegal) registered a robust growth.

Progress in improving human development indicators and reducing poverty is uneven in Sub-Saharan Africa. EU cooperation development actions focus on the sectors and countries where SDGs are most off-track.

Poverty remains widespread in Sub-Saharan Africa with 41 % of people living on less than USD 1.90 a day in 2013.¹⁰⁰ Youth unemployment is a challenge in the region. In 2015, 33 % of all workers (especially the youth) were among the working poor.¹⁰¹

In 2015, more than half of the adult population faced food insecurity, further compounded by conflicts and natural disasters. Sub-Saharan Africa remains the most food-deficient globally.

New HIV infections have declined in the region but remain high, with 1.5 new cases per 1 000 uninfected people in 2015. Moreover, 70 % out of the total world population of people living with HIV resided in Sub-Saharan Africa¹⁰². Adult HIV prevalence exceeded 20 % in Swaziland, Botswana, and Lesotho. Notwithstanding progress in reducing child mortality, sub-Saharan Africa is home to half of global under-five deaths. Maternal mortality rate (503.6 deaths per 100 000 live births) is the highest in the world.¹⁰³

The largest increase in primary school net enrolment ratio globally has been observed in Sub-Saharan Africa, from 52 % in 1990 to 80 % in 2015. Yet, while the region is close to reaching universal primary-education enrolment, quality of education is of concern. Moreover, around 32 million children of primary school age were estimated to be out of school in 2015 (57 % of the global total): more than half girls. Low levels of completion for secondary education (32.6 %)¹⁰⁴ remain challenging.

Regarding gender equality, 37 % of women aged 20-24 years old were married before their 18th birthday and 11 % before age 15.¹⁰⁵ Eight countries with the highest rates of child marriage in the world are found in Sub-Saharan Africa.¹⁰⁶ In 2016, the proportion of seats held by women in national parliaments stood at 24 %, higher than the global (23 %) and developing countries averages (21 %).

¹⁰⁷

In 2015, 68 % of population in Sub-Saharan Africa used an improved drinking water source (an increase from 55 % in 2000) but only 30 % had access to improved sanitation facilities. In 2014, 55 % of the urban population lived in slums. 65 % of the population of sub-Saharan Africa has no access to electricity compounding economic growth and job creation

¹⁰⁰ World Bank Group, Poverty and Shared Prosperity 2016

¹⁰¹ UN, the Sustainable Development Goals Report 2016

¹⁰² UNAIDS, Global Aids Update, 2016

¹⁰³ UN, the Millennium Development Goals Report, 2015

¹⁰⁴ EU international cooperation and development results - report 2015

¹⁰⁵ UN, the Sustainable Development Goals Report 2016

¹⁰⁶ with rates ranging from 46% for Malawi to 76% for Niger

¹⁰⁷ ¹⁰⁷ UN, the Sustainable Development Goals Report 2016

While inequality has remained stable in Sub-Saharan Africa during the last two decades, the regional Gini coefficient remains high, at around 53. Seven out of the 10 most unequal countries in the world are in Sub-Saharan Africa.^{108 109}

Implementation

Addressing illegal migration and forced displacement as well as radicalisation and violent extremism has been high on the agenda of EU - Africa relations.

In June 2016, the European Union introduced a new Migration Partnership Framework that fully integrates migration into the European Union's foreign policy. It provides for the European Union's Member States, the EU institutions, and third countries to work together to better manage migration flows and promote stability.

After one year of existence, the 'Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa' (EUTF) in the Horn of Africa, the Sahel region and Lake Chad has positioned itself in a complementary position to existing EU instruments. It aims to break the business model of smugglers, preventing illegal migration and enhancing cooperation on returns and readmission of irregular migrants, as well as stepping up investments in partner countries. The EUTF for Africa has significantly contributed to embedding migration in political dialogues between the EU and countries in the region.

Case study – EU Trust Fund for Africa – Horn of Africa

By the end of 2016, 35 programmes had been approved under the Horn of Africa window of the EU Trust Fund for Africa for a total amount of EUR 606 million. A sum of EUR 385.5 million was allocated to address irregular migration and forced displacement and EUR 220.5 million to address peacebuilding and conflict prevention. In 2016, support to migration management through bilateral and regional high-level dialogues with partner countries (namely the Khartoum Process and bilateral dialogues with Ethiopia and Sudan) was also enhanced.

Migration situations constantly evolve with new migration flows, trafficking networks, and crime groups adapting to new opportunities. Therefore, a Research and Evidence Facility to conduct analysis on migration drivers and dynamics was established under the EUTF Horn of Africa window. All projects are supported by a strong monitoring system including an IT monitoring platform to map project level indicators.

Case study – EU Trust Fund for Africa – The Sahel and Lake Chad

To date, 65 projects amounting to EUR 918.5 million **has been** approved under the Sahel and Lake Chad window of the EUTF. This window covers important countries of origin and transit for migration including Mali, Niger, Nigeria and Senegal.

Projects under the Sahel and Lake Chad window have enhanced the resilience of the most vulnerable groups in the countries of origin: Projects aim at fostering youth employment, private sector development and entrepreneurship, work of civil society in combating radicalisation as well as food and nutrition security, health and education services, and social protection. In Senegal, food security and access to basic services were provided to the vulnerable people of Podor, Ranérou, Matam and Kanel. In Northern Mali, the resilience of vulnerable communities was improved through coordinated local actions, in line with the national strategy for food security.

¹⁰⁸ Angola, Botswana, Central African Republic, Comoros, Namibia, South Africa and Zambia

¹⁰⁹ World Bank Group, Poverty in a Rising Africa, 2016

Case study - Better Migration Management Programme

The Better Migration Management (BMM) Programme under the Horn of Africa window of the EUTF aims at better managing migration at the regional level through the provision of capacity building and basic equipment to government institutions of the Khartoum Process. The support is provided to investigate, prosecute and trial cases of trafficking and smuggling, to improve border management, or to generate and use statistical data. Assistance is also provided to develop policies on trafficking and smuggling, ensure the protection of victims, and raise awareness of the perils of irregular migration and options for legal migration and mobility. The programme is funded to the tune of EUR 46 million of which EUR six million is from the German Ministry for Economic Cooperation and Development (BMZ).

The European External Investment Plan (EEIP) proposed by the Commission in 2016 will also benefit the region via its regional platform for Africa, notably to boost jobs, growth and investment in the continent and thus address the root causes of migration.

The Performance Review of the 11th EDF (2014-2020), in line with the evaluation and monitoring requirements of the Cotonou Partnership Agreement (CPA) was launched in 2016. This strategic review should enable the EU to further equip itself with cooperation instruments able to address complex challenges in a fast-changing world.

Continental level

Since 2007, the Joint Africa-EU Strategy (JAES) has guided the relations between the EU and Africa. In line with 2014-2017 Africa – EU Roadmap, agreed during the Fourth EU-Africa Summit in April 2014, key achievements have been registered both at political and operational levels in all priority areas of cooperation.

2016 was a significant year in terms of cooperation activities with the African Union Commission (AUC). Continued financial support was channelled through the African Peace Facility (APF), with an additional increase of EUR 150 million to the 2014-2016 APF action plan to cover "Peace Support Operations", thus raising the action plan total amount to over EUR 1 051 million. Moreover, the third phase of the EU support programme to the African Peace and Security Architecture (APSA), the continental framework within which the African Union Commission, REC¹¹⁰ and RM¹¹¹ contribute to prevent, manage and resolve conflicts in Africa, was signed for an amount of EUR 28 million to support the implementation of the 2016-2020 APSA Roadmap.

Case study - The African Union Mission in Somalia (AMISOM)

The European Union's African Peace Facility (APF) has had a positive impact on the lives of millions of Africans affected by political crisis as illustrated by the African Union Mission in Somalia (AMISOM). Enhanced stability has enabled Somali citizens to exercise their right to vote and participate in the political process as recently shown during the peaceful presidential elections.

Dek Abdirahman Odowaa, the owner of a car repair shop in Mogadishu, underlines the positive impact that enhanced stability in Somalia is having on his business. He could invest in new machines and provide services to the increasing numbers of modern cars that can be seen in Somalia - another sign of a more peaceful situation in the country.

Under the Pan-African Programme, a EUR 25 million contribution was made to the EU Emergency Trust Fund for Africa. Two other actions contributed to a mobility scheme for higher education students and staff within Africa (EUR 10 million) and to the work of the African Union agency in charge of Livestock (EUR 19 million). 2016 also saw the contracting phase of the Annual Action

¹¹⁰ Regional Economic Communities

¹¹¹ Regional Mechanism

Programme (AAP) 2015 (for EUR 146 million) focusing on governance and human rights, and the implementation of the AAP 2014 (worth EUR 107.2 million) centred on human development.

Regional Programmes in East and Southern Africa and the Indian Ocean

In 2016, the EU has continued its support to fostering economic integration in the region of Eastern and Southern Africa and the Indian Ocean as a means to reduce poverty and enhance stability through decent job creation and inclusive growth. In that context, the EU supported the implementation of the EU-Eastern and Southern Africa (ESA) Economic Partnership Agreement¹¹² (EPA), in particular with Mauritius and Zimbabwe aiming at a regional integrated road transport market and a sustainable energy market. In the Southern Africa Development Community (SADC), agricultural production and trade will be strengthened. The EU is also active in supporting the fight against illegal killing and trafficking of protected wildlife species.

In 2016, intense consultations took place with the Financial Institutions to develop projects to be submitted to the EU African Investment Facility Board. This should lead to the approval of several regional infrastructure projects during 2017 in line with the blending approach.

During 2015/2016, a severe drought induced by the El Niño weather phenomenon caused a sharp fall in agricultural production in Eastern and Southern African region. In 2016, an amount of EUR 206 million was allocated to assist the most severely affected countries: Ethiopia (EUR 106 million), South Sudan (EUR 20 million), Somalia (EUR eight million), Sudan (EUR 23 million) and Zimbabwe (EUR 7.5 million).

Regional programmes in West Africa

The EU pursues an approach centred on political and policy dialogue with all stakeholders. In this regard, budget support continues to be an important aid modality across the region. It provides leverage in policy dialogue and offers incentives for reform, along with capacity building to support partner countries' efforts to achieve the Sustainable Development Goals (SDGs). Two budget support evaluations were undertaken in West Africa (Burkina Faso and Sierra Leone).

To attract further investment and promote private sector involvement in development, the EU continues to promote the "blending mechanism" whereby EU grants are combined with loans.

One objective of the Regional Indicative Programme is to strengthen the capacities of West African partner countries to respond better to specific security threats that continue to destabilise the region, be it terrorism, money laundering, drug, human and arms trafficking, illegal migration or piracy. In 2016, the EU supported the creation and operationalisation of the Police Information System for West Africa (SIPAO) in the 15 Economic Community of West African States (ECOWAS) Member States in partnership with Interpol.

Strengthened economic integration in West Africa will enable the region's economies to take advantage of the opportunities of the regional common market and to enjoy economic gains in terms of inclusive growth and job creation. In 2016, seven regional blending projects have been approved by the EU African Investment Facility Board, with the prospect of doubling this number during the first half of 2017. In November 2016, a major regional infrastructure project was launched with the San Pedro - Bamako corridor linking Ivory Coast and Mali.

East Africa

Programmes adopted were in line with the EU priorities, with a specific attention to policies on migration and job creation. Support through the EDF National Indicative Programmes (NIP) contributed to the Valletta priorities, particularly by addressing the root causes of migration through mid-long-term development actions to improve people's livelihood and promote job creation. EUR 240 million were committed to finance projects fostering resilience and education in Somalia, enhancing

¹¹² The Economic Partnership Agreements (EPAs) negotiated between the EU and African, Caribbean and Pacific countries and regions ensure a reciprocal market access

food security, agriculture, nutrition and facilitating reintegration of returnees in Ethiopia, and developing sustainable land and drought management in Kenya, amongst others. Special focus on strengthening of value chains to promote inclusive and sustainable socio-economic development was given in Kenya, Tanzania and Uganda. Dialogue with partner countries was overall satisfactory, but uneven. EU-Ethiopia relations were enhanced through the Strategic Partnership framework and the Migration Compact.

Case study – Budget support for Sector Reform

Two important Budget Support operations were committed in 2016: a EUR 200 million Sector Reform Contract (SRC) for Economic and Financial Governance in Tanzania, in direct support to the implementation of the country's development strategy, and with a clear emphasis on PFM and fiscal reforms; and a EUR 100 million SRC for the Health Sector in Ethiopia.

Both countries continued to benefit from SRCs in the road sector with disbursements in line with the forecasts: i.e. EUR 26 million (in an all fixed tranche) for Ethiopia's road SRC and EUR 20 million for Tanzania's road SRC. Important results have been achieved in terms of road networks, maintenance and governance of the sector. These SRC directly support the priorities of the 2030 Agenda, and budget support remains a preferred instrument for beneficiary countries as it fully respects country ownership.

Southern Africa

Sustainable agriculture and food and nutrition security continue to be an important cooperation area in the region namely in Angola, Madagascar, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe. Education is a focal sector of EU cooperation in Angola, Botswana, Madagascar, Malawi, Mozambique and Namibia. Support to Public Sector Management and fiscal policies is an important component of EU support in Botswana, Democratic Republic of Congo, Madagascar, Malawi, Lesotho, Tanzania and Zimbabwe.

In 2016, the EU and national counterparts focussed on improving a business environment to generate growth and decent jobs. In this context, EU has been supporting the national efforts for the Economic Partnership Agreements (EPAs)¹¹³ implementation. This includes supporting the government partners in undertaking the necessary economic and regulatory reforms. Indeed, EPAs can influence the economic and social conditions of the people by fostering economic diversification and local value added, attract investment, foster trade and regional integration.

The EU and its partner countries pursued a constructive political dialogue during 2016. However, the political crises in Lesotho and Mozambique have affected the cooperation progress. The re-engagement in Zimbabwe remains gradual and cautious.

Case study – Budget support in Southern Africa

In 2016, the overall Budget Support disbursements in Southern Africa amounted to EUR 99.89 million of which EUR 75.7 million was in the form of general budget support programmes and the rest in the form of sector budget support/sector reform contracts. A new EUR 27 million Sector Reform Contract (SRC) was committed in the education sector in Namibia, where the EU is the only budget support donor in the country. These budget support programmes aim to contribute to the implementation of the 2030 Agenda for Sustainable Development including through the promotion of good governance. Challenges remain in achieving progress in certain policy areas and public financial management in some countries, for example Lesotho, Mozambique and Malawi, where disbursements were suspended, reduced or de-committed.

¹¹³ Four countries had entered into agreements under the Eastern and Southern African negotiation configuration (Madagascar, Zimbabwe, Mauritius and Seychelles), which are under implementation, while six more countries signed an EPA under the SADC negotiation configuration in June 2016 (South Africa, Botswana, Namibia, Mozambique, Lesotho and Swaziland); the latter agreement has entered into provisional application in October 2016.

Case study - The farmer field schools in Malawi

To tackle climate change in Malawi and promote a resilient agriculture, the Global Climate Change Alliance (GCCA) has developed the Farmer Field Schools (FFS). The FFS have been recognised by the Malawi national agriculture policy (2016-2020) as an important contributor to enhance sustainable agriculture. They have proved to be efficient centres of diffusion of knowledge to the farmers with the learning by doing approach on technologies to enhance productivity; behavioural change by diversifying production, reducing land degradation, and integration of social activities to ensure cohesion. The EU's ongoing support benefits 43 000 vulnerable people in 7 200 households across four districts in the south. The main results include increased productivity, increased income and sales to market, and adaptation to climate change.

West and Central Africa

West and Central Africa remain challenging regions, with a combination of fragility, post-crisis and post-conflict countries, coupled with extreme vulnerability caused by difficult climatic conditions, with an impact on basic food security and human development outcomes. In recent years, security threats have further expanded in these regions with arms trafficking, money laundering, people trafficking, drug trafficking, and terrorism crimes used as political leverage by different agents involved in these activities. Stability of countries in the region, including Cameroon, Central African Republic, Chad, Mali, Niger and Nigeria, is threatened.

Despite problematic geopolitical contexts, recent peaceful political renewal has boosted dialogue and development cooperation. Democratic elections were held in Central African Republic, The Gambia, Benin, Cape Verde, Ghana, Niger, and Mali, and a referendum held in Côte d'Ivoire. In 2016, the EU widely assisted countries to run free and fair elections; an important component of the European Union's external relations policy.

Case study - Ghana: strengthening electoral processes

Ghana held local and presidential elections in December 2016. The EU provided EUR five million to support Ghana's Independent Government Institutions, the Electoral Commission, the Commission on Civic Education and the National Media Commission, to build their capacity to monitor the electoral process, promote dialogue between the different stakeholders and to raise voters' awareness with a specific focus on women and marginalised groups. Furthermore, the EU focused on addressing corruption risks and to strengthen further the accountability of political actors towards their citizens.

2016 was a turning-point year in the Central African Republic, involving a democratic political transition that is in its stabilisation phase now. The Békou Trust Fund for the Central African Republic will identify and fund projects that can contribute to alleviating poverty, creating employment and providing access to basic social services for the population affected by the domestic armed conflict which left thousands dead and 500 000 people displaced to neighbouring countries.

Case study – Budget support West and Central Africa

Budget support disbursements in West and Central Africa in 2016 amounted to EUR 496 million of which EUR 267 million was in the form of State Building Contracts (SBC) and EUR 193 million in Sector Reform Contracts (SRC). Following the adoption of the Budget Support Guidelines of 2012, State Building Contracts have become an essential way to provide budget support to fragile and conflict affected states and to ensure an immediate response in challenging contexts. SBCs have helped partner countries to ensure the continuity of vital state functions. Difficulties remain in some countries due to the level of risk and high volatility. In those cases, reinforced dialogue and significant technical assistance contribute to mitigating the risks.

Case study - Budget support in Sao Tomé e Príncipe

For the first time in the cooperation between Sao Tomé e Príncipe (STP) and the European Union, a six-year long sector budget support programme amounting to EUR 20 Million was approved at the end of 2015. Its aim is to support reforms in the water and sanitation sector, as well as to strengthen public finance management and sector budget transparency. After only one year of its implementation, the EU support contributed to a 9 % extension of the STP's water distribution network and to rehabilitate more than 25 % of public service sanitation facilities, notably in schools and health facilities in rural areas. Moreover, it led to the strengthening of women's participation in decision-making. The incidence of waterborne diseases currently affecting more than 40 % of the population is likely to reduce. Sanitation infrastructures will facilitate certified agriculture production and will positively impact on the quality of sea water. Finally, better access to water in rural areas will increase opportunities for small industries and job creation.

3.3.2. South Africa

Introduction

The EU – South Africa cooperation under the Strategic Partnership deepened further in 2016, with the HRVP meeting the Minister of Foreign Affairs on 26 February in South Africa for a Ministerial Political Dialogue.

As a follow up to the visit of the HRVP, a High Level Political dialogue in South Africa was carried out by Commission Services Senior Management on 6 May covering Foreign Policy issues and on 21-23 November covering Migration and Mobility. The Fourth EU-South Africa Structured Dialogue Forum on Human Rights took place on 9 November in Brussels where discussions focused on a wide range of human rights issues. On 21 October, the HRVP issued a declaration on behalf of the EU, regretting the decision of South Africa to initiate its withdrawal from the Rome Statute of the International Criminal Court.

With a view to consolidating the achievements of the EU – South Africa Strategic Partnership, fruitful sectorial dialogues, activities and visits were organised by Commission Services including the sixth Macro-Economic Dialogue with the South Africa National Treasury which was held on 15 November in Paris.

As part of the cooperation on education, activities included a "Study in Europe" fair in South Africa to promote the successful Erasmus+ programme, which revealed positive results regarding an increase in the quality of participation. 2016 also marked the 20 years anniversary of the EU – South Africa partnership on Science and Technology. On this occasion, the EU and South Africa signed a Declaration of Intent on Marine Research and Innovation Cooperation, which constitutes an important step towards the development of an All Atlantic Ocean Research and Innovation Alliance.

The EU – SADC Economic Partnership Agreement was signed, and provisionally entered into force in 2016. This agreement is highlighted by our South African partners as the most significant step forward in our trade and economic relationship.

Implementation and results

In 2016, development cooperation, one of the three pillars of the EU-South Africa Trade, Development and Cooperation Agreement (TDCA) continued to impact South African citizens' lives. From the beginning, EU assistance has covered practically all relevant areas and contributed to socio-economic progress and the consolidation of new democratic institutions. Although significant, EU development assistance now represents only a small percentage of South Africa's GDP and budget, it targets programmes with a high value added (e.g. innovation, risk taking, capacity building, pilot studies with a high potential for replication), which the national voted budget does not cover due to a perception of novelty or high risk.

Throughout 2014-2016, EU-South Africa cooperation under the Strategic Partnership intensified. For example, the support contributed to the improvement of services for the prevention of mother-to child transmission of HIV for more than 14 248 individuals (7 211 pregnant women and 7 037 infants), while 2 348 school students received HIV prevention awareness training. 69 % of Members of Parliament and Members of Provincial Legislature participated in training programmes emphasising their roles and responsibilities to perform their duties as parliamentarians. Over the same period the Dialogue Facility supported 15 sector¹¹⁴ dialogues.

The 2014-2020 Multi Annual Indicative Programme (MIP), approved in 2014 for an amount of EUR 241 million¹¹⁵, aims at mainly providing support to the three prioritised areas of the South African National Development Plan – Vision 2030: employment creation; education, training and innovation; and building capacity of the State. The first programmes targeting these areas were approved in 2014 and 2015. In 2016, inclusive and sustainable economic growth and job creation as well as the exercise of oversight and ensuring public participation, specifically at Provincial level were supported.

Development effectiveness, donor coordination and Joint Programming

The EU delegation has been a good performer in using country systems with, for example, 68 % of its aid committed in the period 2007-2013 in the form of budget support. Given the significant decrease in the overall allocation for 2014-2020, the budget support proportion is declining as a result of the smaller size of individual programmes. However, in cases where country systems are not used, the South African government is fully aware of, and mostly closely involved in, the actions, all of which are aligned with the National Development Plan.

Efforts by the EU delegation for donor coordination continued, particularly with EU Member States present in South Africa, in all relevant sectors. The main donors regularly meet for general coordination and to avoid duplication. The EU delegation is particularly active organising exchanges with a wide range of development partners in a few targeted sectors such as education and employability, green economy and health. With the volume of aid to South Africa being low in relative terms (less than 1 % of the government budget), the South African government does not have a strong focus on improvement of division of labour beyond a limited number of sectors with substantial involvement of donors, such as public financial management (PFM).

SDGs

Under Dialogue Facility a South Africa – EU Sustainability Transition Dialogue is funded. It aims at enhancing the South African National Development Plan sustainability transition through the domestication of the SDGs.

Perspectives

The EU will continue to actively implement its existing programmes in 2017 which should see the approval of an Education for Employability programme, a Local governance, Services delivery and PFM programme and a programme to support the National System of Innovation. Synergies are also in place with the EU's Horizon 2020 framework programme for research and innovation and will be further developed.

In the context of the EU-South Africa Strategic Partnership, people-to-people and institution-to-institution contacts, exchange of information and knowledge will be maintained. In this respect, the Dialogue Facility has proven to be an extremely useful tool in support of the overall sectoral policy dialogues of the Strategic Partnership through its focus on knowledge sharing on policy design and implementation, in particular among peers from South African Government Departments, EU institutions and agencies and Member States' administrations.

¹¹⁴ Capable State, Culture, Customs & Tariffs, Employment & Social, Energy, Environment, Health, Higher Education & Training, ICT, International Relations, Lessons Learned, Peace and Security, Science & Technology, Space, Territorial Cohesion

¹¹⁵ Making South Africa eligible for bilateral cooperation, as an exceptional case, including in view of the phasing out of development grant aid

Case Studies

Case study – Social entrepreneurs

Schwab Foundation's Social Entrepreneur of the Year 2016 awardee, The Clothing Bank (TCB) is a South African non-profit organisation (NPO) founded in 2010 to empower unemployed mothers, trapped in a cycle of poverty, through enterprise development so that they could become financially and socially independent and be able to provide for their needs and those of their children. This was in response to the high unemployment rate among single mothers and the lack of support from the children's fathers. Now operating from five branches across South Africa, TCB's two-year Enterprise Development Programme (EDP) uses sophisticated recruitment tools to select candidates who are self-motivated and ready to change their lives by starting a small retail trading business. Excess stock donated by the partner retailers is used as the tool for teaching practical business and life skills, in tandem with coaching, mentoring and counselling. With funding from the European Union (EUR 583 571 over two years from April 2015), TCB has been able to double the number of beneficiaries to 800; formalise the EDP; improve its Year 1 curriculum; migrate graduates into proven franchise models; test the applicability of the methodology in another NPO; and adapt and integrate a monitoring and evaluation/impact assessment tool, Poverty Spotlight, into its operations.

Case study – Rick Capital Facility

The national EUR 88 million Risk Capital Facility (RCF) Programme, launched in 2002 and implemented in two phases, is an important employment creation intervention aimed at providing job opportunities to historically disadvantaged persons (HDPs) active within the SME sector. RCF provides risk finance in the form of equity and quasi-equity to SMEs owned by HDPs, as well as business support services, thereby addressing key challenges faced by emerging entrepreneurs. The programme focuses on seven result areas including improved access to development funding; job creation (in particular for women); and increased HDP empowerment through shareholding and elevation into managerial positions. RCF is managed by the Industrial Development Corporation and technical assistance was provided by the European Investment Bank. The programme has achieved significant success, with more than 150 enterprises funded and approximately 17 000 jobs created. Female HDP participation at all levels, i.e. jobs created, management and shareholding, has exceeded the targeted 30 %. The portfolio of projects is rich and diversified in various sectors such as agro-processing, clothing and textiles, clean technology and renewable energy.

3.3.3 Intra-ACP Programmes (Water, Energy, etc.)

In 2016, the implementation of the remaining programmes from the 10th EDF intra-ACP Strategy continued, in particular to support private sector and trade, environment and climate change as well as disaster risk reduction.

In relation to the 11th EDF intra-ACP Strategy, further to the adoption of the 11th EDF Intra-ACP Cooperation Strategy Paper and Indicative Programme (IP) at the end of 2015, the 11th EDF intra-ACP Annual Action Programme (AAP) 2016 was adopted by the Commission in December 2016. It consists of five action documents (AD) representing EDF funds of EUR 228 million with incipient implementation scheduled for early 2017. Of these five AD, four relate to the 11th EDF intra ACP Strategy's IP component "climate change, resilience building and environment" (EUR 180 million) and one to "institutional support" (EUR 48 million).

Concerning Private Sector Development (PSD), amongst the main intra-ACP accomplishments in 2016 we can mention the setting up of the EU-ACP platform for dialogue on supporting the private sector and strengthening the ACP Secretariat and the first meeting of the related joint EU-ACP PSD strategic steering committee at the end of the year. This platform follows the EU-ACP Council of Ministers' conclusions in Nairobi in 2014 and is expected to significantly contribute sharing experience and lessons learnt, dissemination of good practice and dialogue with the private sector across ACP regions. Moreover, continuous contact with the ACP side ensured the good preparation of four action documents (EDF funds around EUR 260 million) relating to the IP component "support to PSD and investment" throughout 2016, for Commission level decision in 2017.

Regarding Trade, the main ongoing intra-ACP trade related programmes remained Technical Barriers to Trade, Hub and Spokes II, EIF and Tradecom II (EU funds close to EUR 73 million). In addition, programmes with a trade link continued implementation, such as the ACP-EU commodities programme (EU funds EUR 18 million).

In the field of Health, intra-ACP support to leading global health initiatives (the GAVI Alliance and the Global Fund to Fight AIDS, Tuberculosis and Malaria) continued, together with a contribution to the strengthening of pharmaceutical systems. These initiatives and programmes have a direct effect on ACP citizens through increased access to quality and affordable medicines, vaccines and treatments, and are complementary to the bilateral EU actions on health systems strengthening in partner countries.

Access to and quality of Education remained key issues for many ACP countries. In this context, Intra-ACP cooperation continued to support the Global Partnership for Education (GPE), the biggest multilateral partnership devoted to improving access and quality in education. The Erasmus+ programme will support higher education in the period 2015-2020 through five calls for proposals for ACP countries. The first call for proposals was finalised in 2016 and allowed the selection of nine capacity building projects, 1 163 credits for mobility and 11 Joint Master Degree partnerships. Simultaneously the predecessor capacity building and mobility programmes continued including Edulink that since 2006 has been aiming to strengthen the institutional capacities of the more than 300 ACP academic institutions involved, and Intra-ACP mobility and Erasmus Mundus which foresee more than 3 000 ACP students and university staff participating in mobility schemes between 2010-2021.

An extensive evaluation of the Intra ACP programme (9th and 10th EDF) was carried out to pave the way for new actions focussing on cultural and creative industries (11th EDF, EUR 40 million). The evaluation showed that this programme is highly relevant for ACP development cooperation strategies and their support by the EU. In the cinematographic and audio-visual sectors, under the 10th EDF programme, more than 55 projects with more than 200 cultural operators were supported. Collaboration between cultural operators from different countries as well as synergies in production, technical skills, circulation and market access were strengthened. The projects improved production capacities, technical skills and quality of cultural productions in ACP countries.

Positive results were also achieved in the areas of arts, music, dance and theatre, including on quality, visibility and circulation of cultural productions. Three forward looking studies were carried out in the context of the programme: The study on cultural festivals provides an analysis of the artistic, economic and social impact of six ACP festivals. The Study on the economic and artistic challenges and benefits of online diffusion and distribution of ACP cultural content analyses the economic and artistic impact as well as the challenges and opportunities of online diffusion and distribution of ACP cultural content in different sectors of culture. The Study on alternative and innovative funding mechanisms for ACP cultural industries identifies general trends that characterise private and public alternative and innovative funding mechanisms and measures in the cultural sector within the ACP area.

Intra-ACP supports the Global Climate Change Alliance+, the EU flagship initiative on climate change and development. It offers a platform for policy dialogue, technical assistance to ACP countries and

knowledge management in addressing climate change. The intra-ACP GCCA+ continued to provide assistance to regional organisations in ACP countries on a wide variety of topics, with a strong capacity-building component, also taking into account the innovative online platform for sharing news and best practices launched in 2014. 2016 looked towards a second phase of the intra-ACP contribution to the GCCA+.

Gender equality and women empowerment continued to be important cross-cutting elements of many of the financed activities, in particular, in terms of the key role women play across all development sectors in ACP countries. Specific examples include a follow-up on a study on the social and cultural roots of violence against women in Pacific islands and the UN Joint Programme to stop female genital mutilation in 16 African countries and in Yemen.

Water and Sanitation

The publication of the Final Evaluation of the Water Facility for both the 9th and 10th EDF is foreseen for mid-2017. A study to elaborate a proposal for a strategy to strengthen and support Water Operators Partnerships is on-going with results and lessons learned from projects financed under the Water Facility to be included.

To meet the challenge of providing access to electricity in rural areas, the EU continued to support Energy generation projects in the developing ACP countries. With the remaining Energy Facility funds, specific challenges of the energy poor including in several fragile states were addressed through 31 rural electrification projects with a total grant amount of EUR 153 million benefitting more than three million people directly and several million more indirectly through the energy services provided to social and productive infrastructures. All these actions correspond to a total budget of approximately EUR 200 million through co-financing support by applicants. All these projects have planned completion dates between January 2017 and December 2020. Information on the total impact of Energy Facility projects is available here:

<http://database.energyfacilitymonitoring.eu/acpeu/IndicatorsChart.xhtml>.

Regarding environment, ecosystems, biodiversity and wildlife initiatives we can mention in particular the Biodiversity and Protected Areas Management Programme (BIOPAMA) project, implemented by the Commission Services and the International Union for Conservation of Nature (IUCN), which supports four regional observatories designed along the lines of the Digital Observatory for Protected Areas (DOPA) to manage related information for decision making (EU funds EUR 20 million). In order to improve the long-term conservation and sustainable use of biodiversity in ACP regions and reduce the poverty of populations surrounding protected areas, these four regional observatories in these areas aim to assist biodiversity decision makers and managers. Significant progress was recorded on key project deliverables, in particular development and implementation of regional capacity development activities including demand-driven technical training, the Coaches Observatory Mission Information Toolkit (COMIT) and increased networking and collaboration with regional agencies and initiatives involved in capacity building and data management. Within BIOPAMA, the European Commission is also supporting the Access and Benefit Sharing (ABS) Initiative which, since its inception in 2006 has been recognised for its substantive contributions to the capacity building of African negotiators which led to the adoption of the Nagoya Protocol in 2010; and have developed a broad range of instruments, tools and formats that support capacity development around ABS.

A second phase of BIOPAMA (BIOPAMA II) as well as a second phase of support to the ABS, and a new project on Sustainable Wildlife Management were approved by the EDF committee. The Action Against desertification (AAD) project (EUR 20 million), implemented by the UN Food and Agriculture Organisation (FAO) will contribute to poverty reduction, food security and combating desertification, using a landscape approach in drylands and other fragile ecosystems in ACP countries. Moreover, the MIKES programme supports minimising the illegal killing of elephants and other endangered species (EU funds EUR 12 million) including species threatened by international trade; minimising the

impact of poaching and strengthening law enforcement capacity; adaptive management and monitoring approaches.

The overall objective of the TerrAfrica Leveraging fund (EU funds EUR 10 million), implemented by the World Bank, is to provide strategically targeted and flexible financial support to: strengthen awareness, harmonisation, strategic directions on opportunities and modalities for improved sustainable land management scale-up and effectiveness; improve and share analytical underpinnings to support policy dialogue and decision making, and catalyse funding at country level.

In the field of Science, Technology, Research and Innovation, intra-ACP support to more than 200 research centres and higher education institutions continued. The intra-ACP programmes have contributed, *inter alia*, to: the creation of research, training and outreach programmes to support farmers and small and medium sized enterprises; the development of innovative teaching and learning methods, and bachelor and master programmes incorporating experiential learning; the development of national action plans within the context of regional food security strategies; networking and knowledge sharing between all actors along the innovation value chain. All projects funded through the ACP Research for Sustainable Development programme were finalised in 2016; the final evaluation of the ACP Science & Technology I programme was carried out in 2016, while projects funded through the ACP Science & Technology II programme are expected to end by mid-2018.

3.4. Latin America & the Caribbean

3.4.1. Latin America

Introduction

2016 was an important year for EU-Latin America relations, with progress on the multilateral, bi-regional and bilateral levels. Close collaboration between EU and Latin America contributed to multi-lateral progress on addressing global challenges, with the entry into force of the Agenda 2030 and the Paris Agreement, and the adoption of measures to tackle the world drugs problem in the 2016 United Nations General Assembly Special Session on Drugs.

EU-CELAC (Community of Latin American and Caribbean States) Foreign Ministers met in Santo Domingo in October 2016, confirming the forward momentum in the bi-regional partnership. Foreign Ministers emphasised the deepening nature of bi-regional relations and made recommendations to further strengthen the association. They called for a joint reflection of the future of bi-regional cooperation. The meeting was a milestone for the EU-LAC (Latin America and Caribbean) Foundation, with the signature of an agreement establishing it as an international organisation.

Ties between the two regions were further developed through progress on political and trade agreements. In November, the EU signed Ecuador's accession protocol to the trade agreement with Colombia and Peru. In December, the signature of the Political Dialogue and Cooperation Agreement with Cuba started a new chapter in EU-Cuba relations. EU and sub-regional trading bloc Mercosur restarted negotiations for the first time after their pause in 2012. Partnerships with Mexico and Chile are in the process of being upgraded, with modernisation of the agreement with Mexico launched in May and negotiations to start with Chile in 2017.

The EU continued to play an active role in the peace process in Colombia, where an historic peace agreement ended 52 years of armed conflict. The EU is committed to support the implementation of the peace agreement, launching the EU Trust Fund for Colombia during the visit of President Juan Manuel Santos to Brussels in December.

EU development assistance assists Latin America in addressing some of the region's most pressing development challenges, and obstacles to achieve the Sustainable Development Goals, including social cohesion, citizen security, inclusive and sustainable growth, sustainable management of natural resources and climate change.

Considering the key role of research and innovation for sustainable development and growth, the European Commission launched the EU-CELAC Common Research Area in support of strengthening mobility of researchers, access to research infrastructures and jointly addressing common challenges.

Development effectiveness, donor coordination and Joint Programming

The EU Joint Programming (JP) process largely guided aid effectiveness and donor coordination in Latin America during 2016, in the partner countries benefiting from bilateral cooperation programmes.

Guatemala and Bolivia were the first two countries in the region where the EU partners advanced the JP process, as early as 2013, on the occasion of the preparation of the 2014-2020 cooperation framework. As a result, in the case of Guatemala, a joint strategy is well reflected in the 2014-2020 programme (MIP) since the beginning of its implementation and this is also the case for Bolivia and their 2017-2020 MIP. Given this early achievement and the new global context driven by the 2030 Agenda for sustainable development, an effort to reinvigorate the Joint Programming process started in Guatemala in 2016. On the other hand, Bolivia is arguably the best placed country at this stage for a Joint Programming document after 2020, given the sustained effort for EU coordination around a joint strategy.

In Nicaragua and Paraguay, the JP process culminated in 2015 and 2016 with agreement reached on joint strategies which bring about a satisfactory EU division of labour and better alignment with the two countries' development plans. In Honduras and El Salvador progress has been made through the update of roadmaps towards joint analysis during 2017 and full-fledged strategies by 2018.

In the case of Colombia, a major achievement has been the establishment of the EU Trust Fund (EUTF) in support of the peace building process in the country at the end of 2016. Given its synergetic nature and the strong ownership by the country's authorities, the EUTF shows great potential to become, from 2017 on, a success story for EU donor coordination.

Finally, at regional cooperation level in Latin America, where JP does not formally apply, there are good examples of EU coordination around programmes directly linked to the 2030 Agenda and designed to contribute to addressing global challenges through EU joint action. Such is the case of the EUROCLIMA+ programme, for example, that promotes EU-Latin America cooperation on climate change.

Working towards the SDGs

After having made very positive progress in most MDGs, Latin America (LA) has been challenged during 2016 by starting the implementation of the new 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs), which are more ambitious and demanding. Nonetheless, LACs should be able to keep making progress in the coming years towards the achievement of several goals and targets established under the 2030 Agenda. Analysis and results of the MDGs have been used to define the gaps and blind spots that need further development on both national and international levels, before the region moves onto more systematic implementation in 2017. The EU was well placed through its bilateral and regional programmes to assist the countries and regional organisations in this important task and dialogue were stepped-up at all levels, bilateral, regional and sub-regional, as well as at EU-CELAC Strategic Partnership level and particularly, at its first Foreign Affairs Ministers meeting in Santo Domingo in October 2016.

According to the UN Sustainable Development Goals Report 2016, Latin America together with the Caribbean (LAC), when compared to other developing regions, has made significant improvements. Concerning SDG1 on ending poverty, the region has been able to reduce its population living below the poverty line by half in a decade. The most vulnerable working population facing poverty is the working youth between 15-24 years old. In this sense, accessible social protection is critical. Although SDG2, on "zero hunger", gets a good start with a reduction of nearly half of the percentage of undernourished people, the number of overweight population has slightly grown and government

expenditure on agriculture is still limited. Satisfyingly, education has become accessible for the majority of children as Latin America is well on its way to achieve SDG4 on quality education.

Concerning SDG5 related to gender, the region still faces high gender inequality. As for SDG10 on inequalities, the region has made progress in reducing income inequality, although indigenous rights still require special attention and intensive work. Nine out of ten countries in the region succeeded in lowering income inequality in the period 2007-2012. Together with Oceania, it is the only region that saw its labour share to GDP slightly grow. SDG11 related to sustainable cities and communities should be closely followed-up for this region, since cities became more densely populated, with an average ratio of land consumption rate to population growth rate of 0.9 (2000-2015), compared to 1.5 (1990-2000).

SDG13 on climate action is of particular importance for LAC. The region is one of the most vulnerable ones when it comes to climate change and its impacts. Only eight countries of the region had legislative and/or regulatory provisions for managing disaster risk in 2015. Also, SDG14 on "life below water" is crucial for the region, since most directly concerned countries have a thriving fishing economy. SDG15 on life on land equally defines current numbers of illegal wildlife trades (most commonly bird trafficking in this region) and annual net forest loss. The latter was reduced by more than half between 1990 and 2015 (-2.178 thousands of hectares) which nevertheless, is an alarming figure for loss of forest especially as the continent houses the "green lung of our planet", the Amazon Rainforest. Not in the least, this is a challenge when it comes to mining activities in the region.

Other worrying rates and trends are found in the area of peace and justice (SDG16), where homicide rate (22.5 per 100 000 persons in 2014) is about four times the world average. Furthermore, the percentage of non-sentenced prisoners in the total prison population is precariously high at some 43 % in 2003-2005 and now (2012-2014), ranking the region as second highest in the world and showing no forward progress in over a decade.

Finally, it is worth mentioning that the region has received a lot less ODA for statistical capacity-building in the past few years (e.g. USD 7.9 million in 2013 against USD 102.5 million in 2010), making the achievement of SDG17 on partnerships more challenging.

Implementation

Bilateral cooperation including budget support

In 2016, bilateral development cooperation projects covered by the Development Cooperation Instrument (DCI) were carried out as planned in nine countries in Latin America and in Cuba in the Caribbean. New commitments amounted to EUR 168 million. The 2014-2020 cooperation framework was further rolled out with the approval of nine bilateral programmes, two support measures and one OECD study. 2016 also saw the start of implementation for seven bilateral programmes in key sectors for partner countries such as food security (Bolivia and Honduras) or local development (Colombia and Peru). These new programmes were still in their early phases, and the implementation of activities was not yet advanced enough to assess impact and results.

In terms of budget support operations (BS) in 2016, EUR 96 million were committed in new programmes and EUR 151 million were disbursed.

The three Andean countries, Colombia, Peru and Ecuador are phasing-out bilateral cooperation. In Colombia, all funds available in the 2014-2017 programme (MIP) were already committed in 2015 in the area of economic/rural development and peace building, as well as in institutional strengthening. In addition, a Decision authorising the establishment of the EU Trust Fund (EUTF) in support of the peace agreement in Colombia was adopted in March and the EUTF was officially established in December 2016. It brings together Commission Services and nineteen EU Member States.

In Peru, under the 2014-2017 MIP, a new EUR 40 million BS programme supporting the national social inclusion strategy was signed and its implementation started. Implementation of the current development cooperation portfolio continued effectively. In Ecuador, one new programme in the field

of trade was adopted and launched during 2016. Moreover, in the aftermath of the earthquake that shook the country in April 2016, one of the most destructive earthquakes to affect the region in nearly seven decades, and causing a major humanitarian catastrophe existing bilateral development cooperation funds, both from on-going programmes as well as those in early preparation phases, were re-oriented to support the authorities of the country in addressing its post-disaster needs.

In Bolivia, the preparation of the MIP for the 2017-2020 period was successfully launched. In the water and environmental sector, the year saw the successful conclusion of two BS programmes or "sector reform contracts" on drinkable water and sanitation and the regular implementation of other programmes in the sector. In the field of fighting against drug trafficking, a new EUR 20 million "sector reform contract" started.

In Paraguay, the implementation of development cooperation advanced in all four focal sectors. Over the year, four actions were adopted: a EUR 46 million sector budget support programme in education, an EUR eight million programme in support of a diversified and sustainable livestock production, an OECD governance and multi-disciplinary study (EUR 1.4 million) and a project to strengthen electoral and democratic processes (EUR 2.26 million). Furthermore, a strategic evaluation of budget support operations to Paraguay in the areas of education and social development was conducted in 2016. The conclusions have confirmed the relevance and impact of EU budget support in this country.

In Central America, and more specifically, in Guatemala, five ongoing bilateral programmes for a total amount of EUR 42.8 million were under implementation. During 2016, two new financial decisions for a total contribution of EUR five million were adopted: one to the UNDP's trust fund on support of the UN's International Commission against Impunity in Guatemala (CICIG) and the other to support the national census of public administrators.

In Honduras, implementation continued on the three focal sectors of the MIP 2014-2020 (food security, employment, and rule of law) as well as in the forestry sector. In particular, a new EUR 10 million project was approved in the sector of rule of law. The European Court of Auditors undertook a performance audit of the effectiveness of EU cooperation in Honduras for the period covering 2007-2015. The Court's performance review, which included a broad-scope exercise scrutinising to what extent objectives had been achieved in priority sectors, has provided as an outcome a rather balanced and positive outlook on EU cooperation in this country.

In El Salvador, the government continues to implement its national social protection agenda objectives with the assistance of the EU, seeking to contribute to the country's efforts to reduce poverty, social and economic inequality and social exclusion. In this regard, a EUR 50 million new budget support programme to support the Salvadorian Social Plan was adopted.

In Nicaragua, within the framework of a triangular cooperation scheme with Uruguay, a programme was launched to support the beef value chain by bolstering the productivity and competitiveness of small and medium cattle raisers while promoting environmental sustainability. A new EUR 20 million border integration programme was adopted which will provide new infrastructure and equipment to three land border crossings and promote a more integrated and efficient border control system. In education, with the support of EU cooperation, 90 % of secondary students in public schools now have access to textbooks and close to 1 000 secondary school teachers are enrolled in certification-based training. In the sector of security and rule of law, the EU continued working on institutional strengthening and in the fight against crime. Finally, in the area of climate change, a new EUR 20 million project was formulated focusing on the integrated management of water resources in the Rio Coco river basin.

Regional cooperation

In 2016, regional cooperation in Latin America at continental level, has been channelled through both on-going and new programmes in all sectors within the 2014-2020 cooperation framework focusing on security-development nexus, good governance, sustainable economic growth, environment and

climate change as well as higher education exchanges. An overall amount of EU 138 million was committed.

More specifically, the COPOLAD II programme (2016-2019), with a budget of EUR 10 million, continues to contribute to improving the coherence, balance and impact of drug policies in Latin America and in the Caribbean, while the specific objectives are to strengthen capacities and encourage the different stages of the policy making process in the region, by improving dialogue and cooperation among key actors.

The EUROsociAL+ programme implementation which started in November 2016 was welcomed by Latin American counterparts, with gender becoming one of the main priority areas. Missions have been carried out to each LAC to scope the public policy priorities for the five years of the programme implementation.

2016 also featured the first allocation to a new regional flagship climate change programme for Latin America, EUROCLIMA+, with a budget of EUR 40 million being approved. EUROCLIMA+ will assist Latin American countries in the implementation of the commitments on climate change they undertook in the context of the Paris Climate Change Conference 2015. This new programme will go beyond the successful EUROCLIMA programme that will come to an end in 2017. Like the ongoing EUROCLIMA, the new Programme will continue to provide small-scale services to eligible countries and facilitate policy dialogue on environmental and climate-related issues. However, EUROCLIMA+ will go further than this, by also providing funding for adaptation and mitigation projects in a number of key sectors that were identified in consultation with Latin American representatives.

Blending operations continue to be a key tool of incremental importance for cooperation with Latin America and the Caribbean through the Latin American Investment Facility (LAIF) and the Caribbean Investment Facility (CIF). Since 2009, over EUR 300 million have been allocated to LAIF to support infrastructure, environment and private sector projects in the region. Under LAIF, five projects were approved in 2016, with a blending value of EUR 39.05 million, leveraging a total of EUR 489.6 million for initiatives ranging from sustainable forestry and solar energy to disaster recovery, educational facilities and feasibility studies with one project in Cuba, three in Ecuador and one in Costa Rica. For both Cuba and Costa Rica, these projects represent their first LAIF operation.

The Erasmus+ programme (EUR 163 million) facilitated for one more year mobility and capacity building in higher education. To date, there have been three calls for proposals with a total allocation of EUR 81 million. The participation of Latin America has been very successful, in qualitative and quantitative terms, involving all countries of the region. The main results for the 2015 and 2016 calls are:

- Capacity Building: 32 projects with 134 LAC Universities participations (six LAC coordinators)
- Degree Mobility (Masters and Doctorates): 509 scholarships;
- Credit Mobility: 2 919 scholarships

Sub-regional cooperation in Central America, focused on supporting the implementation of the EU-Central American Association Agreement in 2016. In addition, three new programmes were launched in climate change-related sectors for EUR 15, 14 and 10 million respectively. One new action was adopted to further regional economic integration by promoting trade facilitation and capacity, for a total amount of EUR 20 million. The EU's support to Central America's joint criminal investigations and operations produced consolidated results including the rescue of more than seven hundred victims and the dismantling of scores of criminal organisations.

Case studies

Case study - Honduras: Budget support in the forestry sector

About 48 % of Honduras is forested land that forms an essential part of the Mesoamerican Biological Corridor. EU's support to Honduran forestry sector combines a project approach (MOSEF, EUR 21 million and CLIFOR, EUR 21 million) with a budget support package (PAPSFOR, EUR 26 million). Both interventions are complementary and have contributed to reforms strengthening sector governance, municipal forest management and simplifying administrative procedures. For instance, 99 % of 480 000 ha infected by pine beetles have been brought under control, 1 378 staff and 3 000 soldiers assisted in combatting forest fires, and 1 555 ha have been reforested.

Case study – Paraguay: Sector budget support to Social Development Policy

Bernardo Cáceres is only 18 days old. His mother, Dionicia Espínola, brought him to the school of Paso de Villa Ygatimí to register him at the Civil Register. Both Bernardo and Dionicia managed to register and obtain their identity cards. The EU supports social programmes in Paraguay that facilitate access to identification of individuals.

The EU-funded sector budget support to Paraguay Social Development Policy worth EUR 37 million supported the implementation of key social protection programmes in Paraguay in the period 2012-2016, notably access to identification.

Case study - Paraguay: Food Pension Programme for Elderly Adults (*adultos mayores*)

Damacia Arce, 75, is one of the many beneficiaries of the Food Pension Programme for Elderly Adults in Paraguay supported by the EU. This elderly woman received her pension on a monthly basis from 2013.

Adultos mayores falls under the social development component of the latest general budget support programme against poverty in Paraguay. It targets elderly people in poverty, providing them a non-contributory allowance. The programme consists of a monthly cash assistance equivalent to 25 % of the minimum wage. In 2015, it reached a total of 148 700 beneficiaries, including elderly people from indigenous communities, a rise of 22 360 beneficiaries compared to 2014.

Case study - Peru: Alternative Development Programme

In Peru, the Alternative Development Programme in Satipo (DAS) is a bilateral programme financed by the European Union and the Peruvian Government, which is implemented in the central parts of the Peruvian Amazon by the National Anti-Drug Agency (DEVIDA). The total amount of the programme is EUR 10.4 million, which contributes to the National Anti-Drug Strategy 2012 – 2016. The objective of the programme is to contribute to reducing poverty, promoting social integration and preventing activities related to the illegal production of coca leaves.

Through a grants-mechanism the programme supports organisations of local producers to promote the cultivation of alternative products, such as coffee and cocoa, and has already facilitated their access to national and international markets, improving the income levels of the local producers. The strengthening of local producers is complemented by a programme to allocate land titles, so that the local producers are guaranteed the legal right to their lands, benefitting future generations of agricultural entrepreneurs. Finally, the programme has strengthened the efficiency of local institutions through training on public administration and good governance.

All activities of the DAS Programme are implemented respecting a sustainable management of natural resources, while taking into consideration the demands of the indigenous communities and their organisations.

Case study - Latin America region: Regional Facility for International Cooperation and Partnership (COSSUR)

With the Regional Facility for International Cooperation and Partnership, the EU addresses the complementarities between EU and LAC and offers new opportunities to work jointly as partners in the region, towards the objective of poverty reduction. This new development cooperation approach also answers the request of LACs to enter into a new political dialogue on development and address key challenges of the region. With a budget of EUR 12 million, financed under the Development Cooperation Instrument (DCI), the Facility has three main components: a call for proposals (EUR 10 million) to support South-South development cooperation actions and a technical assistance and visibility component (EUR two million), complemented by a contribution of EUR three million focused on non-development oriented activities managed through the Foreign Policy Instrument (FPI).

The response to the call for proposals was very positive with 48 projects having been considered eligible, and nine approved for funding, out of a total of 84 proposals submitted to the call. This high level of participation demonstrates a keen interest from our Latin American partners in engaging with the EU on Triangular cooperation.

Case study - Latin America region: EUROCLIMA

The EU supported the work of Latin American countries to implement their climate change adaptation and mitigation policies, via a flagship programme called 'Euroclima'. The programme has been in operation since 2010, with a budget of EUR 16 million up to 2017. Among the results achieved by EUROCLIMA are the regional climate change negotiators meetings under the framework of United Nations Framework Convention on Climate Change (UNFCCC) negotiations, which the programme has organised through the Economic Commission for Latin America (ECLAC/CEPAL) and the UN Environment Programme (UNEP) and which, in the words of the external evaluators, " could have not been done without the programme's contribution".

Moreover, "no-regret" measures, and/or measures with additional benefits for climate adaptation and

mitigation were identified; partly as a result of an inventory carried out by the EUROCLIMA's technical assistance and also partly through sectorial studies carried out by ECLAC/CEPAL. Accompanying measures are being provided to the participating countries to assist with the preparation of climate financing proposals to be submitted to (international) climate funds. In addition, EUROCLIMA has been active in providing support to the countries to prepare their (I)NDCs in the framework of the Paris Agreement and is also currently identifying how their implementation could be accelerated, in particular through the future EUROCLIMA+ programmes. Finally, the programme has also contributed to the Regional Climate Finance Dialogue that takes place once a year, at the initiative of the LACs with the purpose of exchanging information and best practices on climate finance.

The achievements of EUROCLIMA have led to the programme being extended. Both the EU and LACs expressed their interest in taking the programme further through multilateral consultations, and through the policy dialogue in the framework of EU-CELAC relations. Therefore, a new EUROCLIMA+ has been prepared, with a financial allocation of EUR 80 million as of 2016 (EUR 40 million approved in 2016 and another EUR 40 million foreseen for approval in early 2017).

3.4.2. Caribbean

Introduction

The year 2016 marked a turning point in the EU bilateral relations with Cuba. HRVP Mogherini and Commissioner Mimica travelled to Cuba in March 2016 to mark the finalisation of the negotiations of the Political Dialogue and Cooperation Agreement (PDCA) which was finally signed on 12 December 2016. The signature of the PCDA also coincided with the repealing of the "common position" of 1996. At the same time, progress has been made in the joint identification of a new programme in the area of sustainable energy which should be committed in 2017.

Cuba has also renegotiated its debt under the Paris Club, opening new opportunities for accessing international financing. The French Agency for Development (AFD) has opened an office in Cuba in November 2016 and the European Investment Bank has conducted two exploratory missions to evaluate the opportunity to start operations in Cuba.

EU cooperation with Haiti continued to receive particular attention throughout 2016. Haiti remains the only Least Developed Country (LDC) in the region and the largest recipient of EU assistance in the Caribbean (EUR 420 million over the period 2014-2020). Haiti has been dependent on international aid since a powerful earthquake devastated the country in January 2010. Its serious economic problems have been compounded by political instability, weak institutions and vulnerability to natural disasters. In November 2016, however, President Jovenel Moises was elected putting an end to a year of political crisis. At the same time, the passage of Hurricane Matthew in October 2016 has put additional strain on an already fragile situation, provoking more than 500 deaths and causing widespread destruction. The European Commission has quickly prepared a "joint response plan", and EUR 30 million from the financial envelope B (dedicated to exceptional and emergency situations) was swiftly mobilised to support the government's rehabilitation effort.

At the regional level, the European Commission has organised the first ever EU-Caribbean Sustainable Energy Conference, which was a remarkable success in building critical political momentum and a broad consensus for a step change towards sustainable energy in the Caribbean. The conference was a remarkable success in terms of turnout. It brought together more than 300 participants from 50 countries, including high level policy makers, donors, and the private sector with more than 100 companies represented and with over 22 exhibitors. The conference served also to position the EU as an attractive partner to support the region's efforts towards energy transformation. It represented a unique opportunity to stimulate exchanges, showcase renewable energy technologies from island experiences in both the Caribbean and EU and to build consensus around the need to take urgent action.

Development effectiveness, donor coordination and Joint Programming

The CARICOM (Caribbean Community) secretariat remains delegated by the Caribbean Member States to coordinate international, regional and national institutions to achieve the objectives of the CARICOM on Aid Effectiveness.

While it should be noted that the contribution of international development partners to the budget of the CARICOM secretariat has been decreasing from 48.6 % in 2016 to 30.3 % in 2017, no formal coordination meeting was organised by CARICOM/CARIFORUM during 2016; this is expected to happen in 2017.

In the Eastern Caribbean, donor coordination is mainly identified through the Eastern Caribbean Development Partners Group (ECDPG) which is the UN-led coordination mechanism and meets quarterly. This group was divided into seven sub-groups in 2016: Statistics, co-chaired by the Caribbean Development Bank and the United Nations Development Programme (UNDP), Governance, chaired by US Agency for International Development (USAID), Private sector development, chaired by the Inter-American Development Bank, Poverty and social sector development, co-chaired by UN Women and the Caribbean Development Bank, Environment, climate change and disaster risk reduction, co-chaired by UNDP and the Caribbean Disaster and Emergency Management Agency (CDEMA), Energy, co-chaired by CARICOM and the EU, and Macro-Economic and public finance management, chaired by the EU.

Donor coordination in the strategic area of security, takes place in two distinct groups in the Eastern Caribbean: the local "Mini Dublin Group", a body concerned with the global, regional and country-specific problems of illicit drugs production, trafficking and demand, and the ECDPG "Safe, cohesive and just Caribbean" governance group which is addressing the issue more from a citizen security angle (and also includes human rights, civil society, youth, justice and governance in general).

A good example of EU coordination has been the support to the newly established Caribbean Centre for Renewable Energy and Energy Efficiency (CCREEE), which has received funding from the EU, EU Member States and United Nations Industrial Development Organisation (UNIDO).

In Haiti, the Joint Programming process with sector based joint analysis and subsequent division of labour took place in 2016 but was abruptly interrupted by the emergency caused by Hurricane Matthew. It is expected to restart in 2017 with the aim of achieving a joint strategy, fully aligned to the country's development plans and the 2030 Agenda for sustainable development.

Working towards the SDGs

After having made very positive progress in the achievement of most MDGs, the Caribbean now is challenged by the implementation of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs) which are more ambitious and demanding. Nonetheless, the Caribbean countries should be able to keep making progress in this new global context by progressively achieving several of the goals and targets set out under the 2030 Agenda. Since implementation of the SDGs started in 2016, analysis and results of the MDGs have been used to define the gaps and blind spots that need further development on a national and international level.

The EU was well placed through its bilateral and regional programmes to assist the countries and regional organisations in this important task. Dialogue was stepped-up at all levels, bilateral, regional and sub-regional, as well as at EU-CELAC Strategic Partnership level and particularly, at its first Foreign Affairs Ministers meeting in Santo Domingo in October 2016.

According to the UN Sustainable Development Goals Report 2016, the Caribbean together with Latin America (only a few disaggregated data by sub-region are available), in comparison to other developing regions, has made vast improvements. Concerning SDG1 on ending poverty, Latin America and the Caribbean (LAC) has been able to reduce its population living below the poverty by half in a decade. The most vulnerable working population facing poverty is the working youth between 15-24 years old. In this sense, accessible social protection is critical. Although SDG2, related to

hunger, gets a good start with a reduction of nearly half of the percentage of undernourished people, the number of overweight population has grown and government expenditure on agriculture is still limited. Satisfyingly, education is now accessible for most children as the Caribbean, so the region is well on its way to make SDG4 work.

As for SDG5 related to gender, the Caribbean still faces inequality. It is however currently the developing region with the highest number of women in parliament, at approximately 28 %. For SDG10 related to inequalities, the LAC countries equally go to the top of the table in the reduction of income inequality. All the countries of the sub-region, except Haiti, have succeeded in lowering income inequality in the period 2007-2012. Together with Oceania, the LAC region is the only region that saw its labour share to GDP grow slightly.

SDG13 on climate action is of particular importance for the Caribbean as the sub-region is one of the most vulnerable ones worldwide, when it comes to climate change and its impacts, including frequent natural disasters. Also, SDG14 on "life below water" is crucial for the Caribbean region, since many of these countries are small island developing states, who depend largely on marine resources. At the same time, the Caribbean faces a medium level risk of coastal eutrophication. SDG15 on terrestrial ecosystems, equally defines current numbers of illegal wildlife trade (common bird trafficking in the LAC region as a whole) and annual net forest loss. The latter was reduced by more than half between 1990 and 2015 (-2.178 thousands of hectares) which, nevertheless, remains an alarming figure.

Other worrying rates and trends are found in the area of peace and justice (SDG16), where homicide rates are among the highest in the world.

Implementation

Bilateral cooperation including budget support

In 2016, the Commission Services further rolled out the programming of its 2014-2020 cooperation framework with the Caribbean with the adoption of 21 new actions for a total amount of EUR 242 million.

As a result, by the end of 2016, 27.5 % of the overall portfolio for the region was committed (equal to EUR 275 million). Four countries out of fifteen, have already committed 100 % of their NIPs. It is expected that by end of 2017, all countries except Haiti, Belize, Dominica, Jamaica (and the Regional envelope) will have committed nearly 100 % of their respective allocations for the 2014-2020 programming period.

In the area of inclusive growth in 2016, a new EUR 13 million programme on sustainable agriculture in Suriname was adopted that focuses on export horticulture value chains, as well as a programme in Dominican Republic on quality employment and vocational education.

In the area of climate change and environment, a new EUR 13 million programme in Guyana was adopted for sea defences and integrated coastal management. With reference to sustainable energy, a new EUR three million programme was adopted under the NIP Barbados.

Finally, in the area of human development, a new EUR 3.8 million project was adopted for Grenada, in support of the health sector reforms. The programme intends to improve overall access and quality of the health services, by looking at the overall efficiency and financing of the system. In addition, a programme of EUR 16 million on vocational education and training was approved for Dominican Republic.

In the case of Haiti, despite the uncertainty on the electoral process and consequent political and institutional instability, implementation of the cooperation portfolio continued as planned. New programmes, for a value of EUR 60.5 million have been committed in the area of food security, vocational education and support to civil society. At the same time, an important disbursement under the "state building contract" was made towards the end of the year. Lastly, following the passage of Hurricane Matthew, which devastated a large part of the country, a "joint response" by Commission

Services was prepared and EUR 30 million from the financial envelope B (dedicated to exceptional and emergency situations) were mobilised.

In 2016, the 11th European Development Fund (EDF) programming exercise was completed for three Caribbean Overseas Countries and Territories (OCTs), with Commission Decisions being adopted for Saba, Sint Eustatius and Turks & Caicos Islands in December 2016 for a total of EUR 20.6 million. Furthermore, Commission Services participated in the 14th OCT-EU Forum that took place in Brussels in February 2016, which also included trilateral meetings with the individual OCTs and related EU Member States. Moreover, the programming exercise for the 11th EDF Caribbean OCT Regional programme progressed, in particular facilitated by two programming workshops organised to assist the Caribbean OCTs to discuss and agree on the draft documents for the programming exercise.

EUR 71.3 million corresponded to new budget support operations in the Caribbean region. This amount included new programmes to support Barbados in the renewable energy sector, Grenada's health system and Turks and Caicos education reform efforts. EUR 30 million have also been secured to support sea defences and ecosystem adaptation in Guyana, as well as EUR 11 million for vocational training and education in Dominican Republic. Finally, EUR 8.9 million were secured to support the post-tropical storm reconstruction efforts in Dominica. Budget support disbursements in 2016 amounted more than EUR 100 million under programmes in the Dominican Republic, Haiti, Guyana, Barbados, Jamaica, Turks and Caicos, Trinidad & Tobago, Grenada, Aruba and the Commonwealth of Dominica.

All budget support operations in the Caribbean are sector policy support programmes, except for Haiti and the Commonwealth of Dominica, which concern "state building contracts" aiming to support the basic functions of the State.

Regional Cooperation

The roll-out of new programmes picked-up pace in 2016, with the commitment of new programmes for a total amount of EUR 71 million. Eighteen months after the adoption of the Caribbean regional indicative programme (CRIP), the commitment rate has thus reached 23 % and is expected to reach over 50 % by the end of 2017. The adoption of new programmes is therefore proceeding at a firm pace, particularly if compared to the previous 10th EDF where adoption of new actions programmes only started three years after the adoption of the regional programme.

The new programmes committed in 2016 have been a EUR 6.2 million "institutional support to CARIFORUM" and a EUR 24 million "support to private sector development" in the Caribbean, to be implemented by the Caribbean Export Development Agency. Also, the support to the IMF-Caribbean Technical Facility (CARTAC), and the EUR 3.5 million "strengthening of the Caribbean Biological Corridor", which will seek to build a sustained institutionalised regional approach to the conservation and management of terrestrial and marine biodiversity in the Caribbean, focusing initially on Cuba, Haiti and Dominican Republic

The "technical assistance project for sustainable energy in the Caribbean" (TAPSEC) aims at providing technical expertise on several thematic axes such as regulatory framework, new energy service models, energy efficiency and innovative finance mechanisms. A key focus is to support the newly established Caribbean Centre for Renewable Energy and Energy Efficiency (CCREEE) which will assist the region in the implementation of the Regional Energy Policy and implementation plan.

Finally concerning blending operations, the services involved have worked for the consolidation of a pipeline of new strategic projects under the Caribbean Investment Facility (CIF). A new allocation of EUR 35 million has been secured and two new programmes have been approved in November 2016 namely, grant contributions to the multi-country geothermal risk mitigation programme for Eastern Caribbean and the sustainable water supply programme in Suriname.

Case studies

Case study - Haiti: EU support to reconstruction and urban planning

In Haiti, the European Union-funded Support Programme for Reconstruction and Development of Districts after the earthquake of 2010 (PARAQ) came to an end after five years of implementation. EUR 55.8 million have been spent for the implementation of ten urban development projects, including eight in the metropolitan area of Port-au-Prince and two in Petit-Goâve.

More than 170 000 people received public facilities and private houses; 1 300 professionals have been trained on construction and disaster-proof building techniques. In addition, 11.5 km of development corridors, roads and gullies were built, and 60 companies have been created to implement new income-generating activities.

All these projects have been carried out through a participative methodology where the inhabitants of the districts were at the heart of discussions and decisions, with a view to rethink the district as a whole, to increase coherence and to respond to the real needs of inhabitants.

Case study - Cuba: Programme of exchange of experts

In 2016 the first phase of the "Programme of exchange of experts" of EUR 3.5 million finished and a second one for EUR 7.7 million will start by mid-2017.

This project was designed in the context of ongoing reforms and modernisation of the public sector started in Cuba in 2010. On the request of the Cuban government, the European Union is providing expert advice to support the government efforts in the modernisation of public administration. Cuba is praised for the high quality of its human capital, but there is an urgent need to expose government officials to modern practices on the design and management of Public Policies.

The Programme has supported over 60 activities involving more than 1 800 Cuban public officials and more than 50 experts and/or public servants from Europe and Third Countries and has contributed to shape some of the new policies being implemented in the country in the areas of Decentralisation, Public Administration reform, Tax Administration, Foreign Investment and External Trade.

The programme has been highly successful in enhancing trust and building closer ties among EU and Cuban institutions. As such, it had an impact on key new policies adopted in Cuba and contributed to the fostering of the overall EU-Cuba relations.

Case study - Guyana: Sea defences budget support programme

Guyana received EUR 37.3 million in 2016 in budget support for its reforms and modernisation policy efforts. One of these policies is Guyana's Integrated Coastal Zone Management Policy. With EU support, more than 48 km of sea defences were maintained, newly constructed and rehabilitated, thereby reducing the risk of flooding and the loss of land in the coastal zones, minimising the likelihood of damage to social and economic infrastructure and threats to the security of the population. No less than 90 % of Guyana's 800 000 population lives in the low-lying coastal region, also home to almost all of the country's agricultural production. This programme contributes to the 2030 Agenda priorities, notably: SDG13 – 'Take urgent action to combat climate change and its impacts', and SDG15 – 'halt and reverse land degradation and halt biodiversity loss'.

At the same time, the country made significant strides in Public Finance Management and Transparency leading to more efficient use of public funds towards citizens' needs. Amongst other reforms a Procurement Commission was set up, Audit Systems were strengthened and the Budget Cycle was improved. The country also adopted Anti-Money Laundering and Countering Financing of Terrorism legislation, which allowed it to successfully exit the blacklist of the Financial Action Task Force.

3.5. Asia, Central Asia, Middle East/Gulf and Pacific

3.5.1. Asia

Introduction

In 2016, the EU Global Strategy (EUGS) gave a further boost to the EU's engagement with Asia. The EUGS recognises Europe's historical ties with Asia and the direct connection between European prosperity and Asian security. Deepening EU-Asia security cooperation, including on counter-terrorism, and improving EU-Asia connectivity are priority areas. The EU has started a connectivity mapping exercise of these two regions.

The EU continued its efforts to increase engagement with major Asian partners like China and India on global development cooperation, including in the context of the 2030 Agenda for Sustainable Development.

Strategic Partnerships were strengthened through successful Summits with India, China and Japan; and outcomes are being implemented. The EU sustained support to state-building and reconciliation in Asia, such as in Afghanistan, Myanmar and Nepal. The EU hosted a very successful conference on Afghanistan (Brussels, October 2016) with pledges of more than EUR 13 billion obtained. A Joint Communication by the High Representative and the Commission on 'Elements for an EU strategy vis-à-vis Myanmar/Burma: A Special Partnership for Democracy, Peace and Prosperity'¹¹⁶ was endorsed in June 2016.

The EU further engaged in bilateral agreements with Asian partners including through negotiations (e.g. with Japan, Australia, New Zealand, and India). Cooperation with Indonesia was considerably strengthened following the Brussels visit of the Indonesian President including an agreement to start Free Trade Agreement negotiations; and steps towards the implementation of the FLEGT (Forest Law Enforcement, Governance and Trade) Voluntary Partnership Agreement. EU supported Bangladesh in areas such as good governance, nutrition and education, contributing to stability and democracy, reducing poverty, addressing root causes of migration and offering job perspectives including for youth. The results of a strategic joint evaluation of development cooperation with Bangladesh were published in 2016.

EU funding continued strengthening regional level cooperation including strategic relations with Association of South-East Asian Nations (ASEAN). The ASEAN-EU Ministerial of October agreed to enhance cooperation including on new areas (e.g. SDGs, maritime security and connectivity including launching negotiations on a region-to-region civil aviation agreement). The EU remains committed to establishing a Strategic Partnership with ASEAN and to supporting ASEAN's integration process, including by providing funding and policy advice. The 11th Asia-Europe Meeting (ASEM) Summit was held in Ulan Bataar, Mongolia, on 15-16 July under the theme of "20 Years of ASEM: Partnership for the Future through Connectivity". Leaders agreed, *inter alia*, to cooperate more closely, in the framework of their "Sustainable Development Dialogue" on SDGs. The EU remains a leading donor of financial assistance for development in Asia. In addition, through the Partnership Instrument, the EU continued to support cooperation on global challenges (climate change, environment, energy security, urbanisation, water issues, migration), promoting sustainable growth and job creation and also underpinning cooperation on sectoral policies.

Development effectiveness, donor coordination and Joint Programming

In Afghanistan, the EU engaged in a strategic dialogue with the Government around the reform agenda to which the latter committed itself at the Brussels Conference on Afghanistan in October 2016. As a co-host, the EU ensured effective coordination with EU Member States and major donors

¹¹⁶ JOIN(2016) 24 final, 1.6.2016

prior to the event, and is centrally involved in following up on its outcomes. The new reform programme is set out in the Afghanistan National Peace and Development Framework and ten national priority programmes that focus on issues such as women's empowerment, agriculture and infrastructure development. Mutual accountability is a key principle for the Government's efforts to implement reforms and for the international community to improve aid efficiency. Its principles and benchmarks are monitored through a mutual accountability framework, which was renewed at the Brussels Conference.

In 2016, the Joint Programming Document for Laos was approved. The EU, seven EU Member States (Finland, France, Hungary, Germany, Ireland, Luxembourg and the United Kingdom) and Switzerland agreed to join forces to support Laos' ambition to graduate from Least Developed Country status by 2020. Total support amounts to about EUR 500 million, with the EU contributing EUR 207 million.

In Cambodia, European partners held their first annual monitoring exercise of the European Development Cooperation Strategy 2014-2018. Joint Programming and implementation are making good progress with partners sharing responsibilities and working jointly in fisheries, decentralisation and public finance management and increasing their visibility and weight in policy dialogue. A first high-level policy dialogue was held as part of the Joint Programming review.

In Myanmar and Bangladesh, the EU and several Member States have been working with partner country governments to improve the transparency of their aid data and the use of International Aid Transparency Initiative (IATI) standard data in their aid management platforms.

Working towards the SDGs

The EU-China Policy Dialogue Support Facility supported policy dialogues in cooperation with China on the implementation of the 2030 Sustainable Development Agenda, especially mainstreaming environment into China's outbound investment and external aid.

In Vietnam, the EU started to support Vietnam towards the achievement of SDG7 to ensure access to affordable, reliable, sustainable and modern energy for all. A first intervention of EUR 108 million was approved to provide access to sustainable energy to the most remote and poorest areas. The programme will also promote renewable energy sources, thus contributing to Vietnam's commitment to reduce green-house gas emissions presented at the UN Climate Change Conference (COP21) held in Paris in 2015. In the Philippines, the EU supported the Government in the achievement of SDG7 with the first interventions of the Access to Sustainable Energy Programme (EUR 60 million) targeting accelerated rural electrification, increased use of renewable energy and energy efficiency.

Bangladesh has done well in meeting many MDG target areas, notably on poverty reduction, gender parity in primary and secondary education and significantly lowering the under-five mortality rate. This has provided a sound foundation for new SDG interventions to address inequality and improve the overall quality of governance for service delivery as well as environmental sustainability.

In 2016, the SWITCH Asia programme aligned its objectives with the SDGs, contributing specifically to achieving SDG12 (responsible consumption and production) in Asia. The programme supports reducing the environmental impacts of industrial activities, enhancing the competitiveness of local small and medium sized enterprises, changing consumption practices, and providing policy recommendations for national development agendas.

Implementation

Bilateral cooperation including budget support

In 2016 the EU signed a budget support programme of EUR 200 million with Afghanistan, thus entering a new phase in this long-term cooperation. This State Building Contract aims to increase resources for generating economic growth and reducing poverty. It will also support more effective budgetary management and the fight against corruption. Disbursements will be conditional on benchmarks in four areas; public policy, macro-economic framework, public financial management,

and transparency and oversight. The EU contributed EUR 30 million to Afghanistan's Jobs Focused Stimulus Initiative, which the Government launched to stimulate aggregate demand and job creation. A programme of continued support to legitimate, effective and accountable governance (EUR 65 million) was adopted in 2016. Finally, a cross-border cooperation programme between Afghanistan and Tajikistan was committed (EUR 10 million from the Afghanistan budget and EUR six million from the Tajikistan budget).

In Pakistan, the EU continued supporting rural development to strengthen local governments, promote participative bottom-up planning, improve rural livelihoods and improve the nutritional status of women and children. The EU also continued to support education in Sindh and Khyber Pakhtunkhwa provinces. In 2016, this resulted in significant new facilities provided to schools, the re-opening of more than 500 schools and a reduction in the number of out-of-school children. New programmes were adopted to support electoral processes, improve nutrition in Sindh province and promote human rights.

In Bangladesh, the EU prepared the Bangladesh Resilient Livelihood Programme together with the UK and Germany (total amount: EUR 231 million; EU contribution: EUR 55 million). This will contribute to creating pathways out of extreme poverty by strengthening the resilience of highly vulnerable populations to climate-induced and other shocks and stresses, including through simultaneous investments in livelihoods and social security. To address commitments made under the Sustainability Compact in the aftermath of the 2013 Rana Plaza factory collapse, together with KfW and AFD the EU will support the responsible management of supply chains in the ready-made garment sector with a programme that offers financial tools and technical assistance to provide incentives for manufacturers to upgrade the safety conditions of their factories and to mitigate the environmental and social costs of their activities. In 2016 the EU also launched a roadmap for engagement with civil society, which is operationalised through a platform for dialogue adopted in 2015 (EUR 13 million).

In Sri Lanka, the EU is progressively shifting its cooperation from post-humanitarian assistance to supporting the country's new National Development Policy and the Government's priorities for expanding international trade. The EU was already supporting the modernisation of agriculture and the livelihoods of poor rural communities in conflict affected regions and in Central and Uva provinces. The EU now also actively supports the new reform-oriented dynamism to overcome the underlying causes of the past conflict and to strengthen governance. The EU is ensuring policy coherence between EU cooperation and other policy areas, particularly in the context of Sri Lanka's application for Generalised Scheme of Preferences (GSP) Plus readmission. Three programmes for a total of EUR 50.1 million were approved in 2016 for agriculture modernisation and in support of the reconciliation process.

In 2016, the EU continued to establish itself as one of the major cooperation partners for Nepal. Following the devastating earthquakes there in 2015, the EU released a first budget support instalment of EUR 50 million in the framework of the Nepal-EU Action for Recovery and Reconstruction programme to help affected communities rebuild their houses, schools and other infrastructure better and safer. In 2016, the EU approved two programmes for a total of EUR 81.4 million to improve water and sanitation, rural electrification and livelihoods in the least developed districts of the Far West and to further strengthen progress achieved in education. A new Sector Reform Contract will support Nepal's priorities for quality education. Access and inclusiveness in education will continue to be a major focus. Other EU projects tackled nutrition, public financial management, elections, support to the peace process and gender based violence, freedom of expression and decent treatment of prisoners. In 2016, the EU was also active in addressing the lack of skilled labour, which constrains economic growth, and supported the government's priorities for expanding foreign trade and for improving the productivity and quality of promising export sectors such as coffee or pashmina. Finally, to contribute to a much-needed increase in electricity supply, the EU provided a grant to facilitate a EUR 65 million loan for setting up the Trishuli Chilime transmission line, in addition to loans provided by the European Investment Bank in the energy sector.

In 2016, the EU considerably stepped up its support to Bhutan in support of the Government's priorities for graduating to lower middle-income country status. A package of EUR 44 million was adopted ensuring, in particular, equitable and sustainable socio-economic development and environmental preservation. EU assistance will improve local governance and fiscal decentralisation, rural development and climate change adaptation, and the structuring of civil society.

In 2016, sector budget support to the health sector in Vietnam resulted in the expansion of health insurance benefits, particularly for the poor. 75.3 % of the population is now insured, compared to 71 % in the previous year. The infant mortality rate has also declined by around 0.5 % thanks to an increase in the number of births attended by skilled birth attendants. This was particularly the case in the ten poorest provinces, which are the focus of EU support for the health sector. The EU also approved a EUR 108 million programme to improve access to sustainable energy for the most remote and poorest areas, including by promoting renewable energy sources. Furthermore, negotiations for a Voluntary Partnership Agreement between the EU and Vietnam for the production and processing of legally certified timber were concluded, confirming a mutual commitment towards the sustainable utilisation of forest areas.

In Laos, the EU provided EUR 60.5 million to fight malnutrition, provide access to quality education, and eliminate unexploded ordnances. Laos has one of the highest malnutrition rates in the world. Around 44 % of children under five suffer from stunting. EU support aims to close the gaps between rural and urban populations, and between provinces in a coordinated manner, with the Government and other donors. EU support to the education sector will focus on reaching disadvantaged children, notably those living in remote areas, and on further improving teacher training in basic education. EU support to eliminating unexploded ordnances and other remnants of war will allow for rural development in large parts of the country still infested by such armaments.

In Myanmar, the Joint Peace Fund became fully operational in 2016. This provides coordinated support to the nationally owned and inclusive peace process. As the capacity of the Government needs considerable strengthening, the EU continued to provide significant technical cooperation in a range of thematic areas in 2016. The EU also signed the first ever Financing Agreement with the new Government.

In Cambodia, the EU launched major new programmes to support decentralisation and aquaculture fisheries for EUR 40 and 30 million, respectively. Both programmes have a strong poverty focus and work closely with the Government. In education, the EU continues to support reforms that target the vulnerable and the poor, reducing geographical and gender disparities and improving sector governance.

Indonesia became the first country in the world to get FLEGT (Forest Law Enforcement, Governance and Trade) licensing for sustainable timber products exported to the EU market in 2016, which was facilitated with significant EU assistance. The "EU-Indonesia Trade Cooperation Facility" closed in 2016 and has delivered impressive results in the areas of economic modelling, trade capacity, intellectual property rights, investment, innovation, and waste to energy. EU education sector support ensured the adoption of a minimum service standards policy in basic education in 16 provinces, 108 districts and cities, and 54 729 schools that serve some seven million students. A flagship EU project in the justice sector enabled courts to adopt more efficient procedures and have better qualified staff. Furthermore, an online whistle-blowing system application was launched that allows the public to oversee the work of the judiciaries.

Regional cooperation

In South-East Asia, ASEAN-EU cooperation further deepened as the EU adopted a flagship EU-ASEAN economic and trade connectivity programme, the ASEAN regional integration support programme (ARISE) Plus (EUR 40 million), as well as two climate change programmes on peatlands and biodiversity (together worth EUR 30 million). In 2016, the ASEAN Regional Integration Support from the EU (ARISE, EUR 15 million, 2012-2017) was instrumental in launching an online complaints

reporting mechanism for cross-border issues related to investments, services and trade, the adoption of a trade facilitation framework, the launch of the ASEAN Risk Assessment Centre for Food Safety, and the endorsement of the monitoring and evaluation framework for the ASEAN Economic Community Blue Print 2025. An enhanced EU-ASEAN regional dialogue instrument (EREADI, EUR 20 million) will start operating in early 2017 and will enlarge EU support to the ASEAN agenda on areas of strategic importance for both regions, including human rights, connectivity, climate change and the environment.

In South Asia, the EU continued to work closely with the IMF by supporting its regional technical assistance centre to facilitate tax reforms, public finance management reforms and economic stability (with a new programme of EUR 10 million). A programme was adopted that supports Afghanistan's regional cooperation capacities through the Heart of Asia process and promotes counter-narcotics efforts in Afghanistan and neighbouring countries (EUR 5 million). The Asian Investment Facility was replenished with EUR 45 million in 2016 and it contracted five new projects for an amount of more than EUR 54 million to support renewable energy, energy efficiency and climate change. The Facility also launched a technical assistance facility for connectivity and urban development in ASEAN (EUR 1.1 million for the period 2016-2020).

Research and innovation

The EU Support to Higher Education in the ASEAN Region programme (EUR 10 million over 2015-2019) works towards the harmonisation of higher education systems among ASEAN Member States. Three policy dialogues took place in 2016 on the role of degree structures and learning outcomes, student mobility and higher education credit transfer systems, and regional and national quality assurance. An ASEAN Quality Assurance Network was launched to promote and oversee the harmonisation of higher education. In addition, scholarships were awarded to 150 ASEAN students to undertake short-term studies in universities in other ASEAN member states. These exchanges are designed to promote the credit recognition systems among ASEAN higher education institutions and to contribute to ASEAN connectivity.

Trade-related assistance programmes continued supporting innovative and green businesses. For example, the EU-Indonesia Trade Cooperation Facility (EUR 12 million, 2012-2016) supported innovation-based businesses and provided assistance to establish science and technology parks as well as technology transfer offices. It also proposed a national innovation fund to be taken forward by the Government.

Under the Erasmus+ international credit mobility scheme, 289 academic projects were funded in 2016 with a total value of EUR 18.6 million from the DCI, which allows 2 943 participants from Asia to study in Europe and 1 608 participants from Europe to study in Asia.

Case studies

Case study - Brussels Conference on Afghanistan

The EU and the Government of Afghanistan co-hosted the Brussels Conference on Afghanistan on October 4 and 5 2016 against a backdrop of critical political, security and socio-economic challenges in Afghanistan and perceptions of mounting donor fatigue. The Conference was regarded as a resounding success and was one of the visible highlights of the EU's role as a global actor in 2016. The main conference event on 5 October gathered high-level participants from 75 countries and 25 international organisations and agencies, including UN Secretary General Ban Ki-Moon. The international community confirmed its sustained extraordinary political and financial support to peace, state-building and development and surpassed expectations by pledging USD 15.2 billion (EUR 13.6 billion) for the period 2016 to 2020. With a combined pledge of EUR five billion from the European Union and EU Member States, the EU became Afghanistan's largest development cooperation partner. Side events on women's empowerment, regional economic cooperation, and the macro-economic situation gathered leaders, experts, media and civil society to facilitate inclusive policy discussions on key issues for Afghanistan's development.

Case study - Migration in Asia

Afghanistan, Bangladesh and Pakistan are the EU's priority countries in Asia with regard to the origin and transit of migratory flows¹¹⁷. In 2016, the Commission developed a major package to improve the reintegration of returnees in these countries that mobilised EUR 92 million for the period 2016-2020. This programme comes in addition to considerable existing bilateral development cooperation with the countries concerned that already addresses some of the root causes of irregular migration. The aims of the additional programme are to ensure that those who return will be equipped with the necessary resources, skills and knowledge to achieve a decent standard of living and contribute to the long-term development of their communities and to improve national migration management systems and policies. Existing bilateral programmes in Bangladesh were also adjusted to the specific needs of returnees through tailor-made 'migration windows' that focus on skills, jobs and value chains development, linking with formal and informal SMEs and promoting access to social services in urban contexts. Bilateral development cooperation in the areas of education and skills development, food and nutrition security, and governance remained instrumental in tackling the root causes of migration in its multiple dimensions.

3.5.2. Central Asia

Introduction

Three major factors influenced developments in Central Asia (CA) in 2016: the weakening economies of CA countries, a tenuous security situation linked to instability in the border regions of Afghanistan and the rise of violent extremism, and the transition of power in Uzbekistan.

EU activities in the region were focused on promoting EU interests and cooperation with the five Central Asian countries in line with the 2007 EU-CA Strategy.

Development and security challenges were addressed at various levels including the Foreign Affairs ministerial (October) and regional technical groups, through the strengthening of bilateral and regional dialogue on the key regional initiative areas of education, rule of law and environment and water, as well as on human rights promotion and the action plan on drugs and border management.

The EU-Central Asia High Level Political and Security Dialogue, which aims to jointly identify new areas and new ways for cooperation on security issues, notably in relation with Afghanistan, was continued in May.

The Commission Services launched an internal review of EU-Central Asia Strategy taking into account the lessons learnt and the changes in the region as well as the changing geopolitical situation.

Development effectiveness, donor coordination and Joint Programming

In Central Asia, the number of donors is limited and the EU supports donor coordination, mainly through country-level efforts. The EU aims at increasing the use of country systems through budget support and its cooperation with international financing institutions enhancing overall coordination and enabling a sharper focus on priority areas to improve the impact of assistance.

Kazakhstan has graduated from EU aid for the period 2014-2020. There are still a number of donors contributing to the reform of the judiciary and the Delegation set up a donor coordination process in this field. Government representatives took part in the first meeting.

In Kyrgyzstan, the Government takes an active role in aid effectiveness through the Development Partner's Coordination Council co-chaired by the Prime Minister. The Aid Management Platform, a government managed web-based tool for donor coordination allows both Government and

¹¹⁷ COM(2016) 385 final, 7.6.2016

Development Partners to enter project data that can be used later for reporting and analysis as well as coordination. Among EU Member States and likeminded Donors, the Joint Programming exercise to be launched in 2017 is expected to further strengthen the unity and negotiation position vis-à-vis the Government.

Tajikistan has a very well-functioning Development Coordination Council (DCC), with six clusters and various working and thematic groups. The EU is represented as chair of the important Human Development Cluster 4, and as chair or deputy chair of four other working groups. The DCC has reached a good level of information exchange and cooperation in design stage of new projects to insure sustainability of the interventions, although DCC is not yet at the stage of donor harmonisation and active collaboration.

In Uzbekistan, the government is not a signatory to the aid effectiveness agenda and does not play an active role in donor coordination, nor have a comprehensive National Development Strategy or sector policies. With strong and persistent donors' push, two working groups have been established and see participation of line ministries mainly in the water and agriculture sector. Donors are attempting to coordinate, complement and align through "information and consultation sessions". EU Joint Programming should allow for increased coordination and division of labour among active EU Member State agencies, "*Agence Française de Développement*" (AFD) and "*Deutsche Gesellschaft für Internationale Zusammenarbeit*" (GIZ), and Switzerland. Use of country systems remain a no-go area due to critical risks related to lack of PFM information, sector strategies, and transparency.

Turkmenistan is not a signatory of the Busan Partnership agreement, and very few donors are present in the country. In the absence of a Delegation, the EU has pushed for more coordination with the other donors present, mainly the GIZ and EBRD.

Working towards the SDGs

In 2016, under the UN's guidance, a process of localisation of SDGs targets was initiated in each of the Central Asian countries. MDG progress in Central Asia over the period 2000-2015 has been uneven. Extreme poverty was largely eradicated, while inequality and social exclusion increased. Education targets were achieved while the quality of education remained a matter of concern in many countries. Gender inequality persisted even though women's political representation improved to some extent. Child mortality fell unevenly as did maternal mortality. Significant advances have been made on infectious diseases, but they remain a significant burden in some countries. The MDG agenda thus remained unfinished business in the region.

Kazakhstan has achieved SDGs 1, 2, 4 and 5 and has set more ambition on the domestic component of SDG10 (Reduce inequality within and among countries). SDG5 has been addressed through ensuring gender mainstreaming in national planning and budgeting; preventing violence against women; and increasing women's representation in legislative and executive bodies.

Kyrgyzstan has made considerable progress in the achievement of the MDGs. The target benchmarks for a number of indicators for MDGs 1, 2, 3 and 8 have already been reached. The country was on track to reach MDG4 and has attained the MDG6 targets on TB incidence and prevalence. Nevertheless, a number of goals need increased attention, including those related to maternal health and combating HIV/AIDS. The first negative effects of climate change on progress towards MDGs, and economic and social sectors require that appropriate adjustment measures be made.

While Tajikistan achieved MDG1 with regard to reducing poverty, malnutrition remains high and is undermining the achievements of MDGs relating to health (notably infant mortality). Tajikistan has nonetheless managed to reduce the TB incidence as well as prevalence of HIV (MDG6). MDG2 on universal primary education has been achieved; however, the quality of education provided remains a concern, as well as the access of women to secondary and tertiary level education. Improvements on maternal health are moving slowly, and did not allow the completion of MDG5. Regarding MDG7 and environmental sustainability, the country only met the targets on improving sanitation facilities. The

economic crisis faced by the country since 2015, mainly linked to the economic slowdown of the Russian economy is a challenge and may have put in danger some of the progress achieved and could send a considerable number of people back into poverty.

In Uzbekistan, the challenge in accessing updated data remains a significant issue for assessing actual progress against indicators. Further work should be initiated to assess progress towards SDGs, however, based on the 2015 MDG report, significant progress has been recorded: The country is well on its way to achieving the national MDG1 target of halving the poverty rate from 27.5 % in 2001 to 13.7 % in 2015. Within the period of 2001– 2013 enrolment rates in general education remained high at 98-99.8 %, the proportion of girls to boys was maintained at an average of 0.94, the number of students per teacher decreased from 14 in 2001 to 11 in 2013 which compares favourably with OECD average of 12.1. Parity has been maintained in enrolment in primary and general secondary education, and since 2009, in professional colleges, the proportion of women in the executive power increased five times from 3.4 % in 2005 to 16 % in 2013. The MDG4 under-fives mortality fell from 24.3 to 12 per 1 000 live births between 2002 and 2013, the proportion of underweight children decreased from 3.8 % in 2001 to 1.6 % in 2013. MDG5 target (maternal mortality) has been achieved. MDG7 is to reverse the loss of environmental resources; the proportion of saline lands decreased from 54.2 % in 2000 to 48 % in 2013, and in 2013, 82.7 % of the country's population had a centralised water supply.

In Turkmenistan, the lack of transparent data also continues to be a major constraint in the analysis of economic and social developments and has not allowed the proper monitoring of progress towards MDGs. However, donors have reported moderate progress towards the achievement of some MDGs, such as gender equality, child mortality, maternal health, combating HIV/AIDS and environmental sustainability. However, the country continues to have the highest infant mortality rate in the former Soviet Union countries. Following the recent fall in energy prices, revenues from hydrocarbons have dropped and the country is facing an economic crisis. It is not yet clear what impact this will have on socio-economic indicators.

Implementation

Kazakhstan is no longer eligible for Development Cooperation under the DCI (Upper Middle Income-OECD DAC) for the period 2014-2020. The implementation of bilateral cooperation continued with programmes, committed before 2014, on public sector reform, economic diversification and foreign investments, support to judicial reform and support to a Green Economy Model.

In Kyrgyzstan, EUR 13 million was committed for "Rule of Law Programme – Phase 2". This programme will build upon the results achieved by the Existing "Rule of Law" action (implemented by a consortium of EU Member State institutions), which is supporting the efforts of the government of Kyrgyzstan in legislative reform and judicial reform. In addition, a EUR 10 million "Integrated Rural Development" programme was approved, supporting the creation of income-generating activities in poorer rural areas.

The actions programmed in 2015 successfully started their implementation. The programmes focus on "Education" and on "Strengthening Democracy through Electoral Reform", and use the budget support mechanism to encourage sector reform and policy dialogue in those areas.

In Tajikistan, the EU pursued its support to the national authorities' reforms in the field of health and social protection through budget support operations while continuing providing technical assistance to the country's authorities in the field of public finance management. The EU also adopted a EUR 16 million Cross Border programme with Afghanistan. The programme aims at catalysing regional economic development and integration in the border regions of Afghanistan and Tajikistan. Activities will be carried out in the Takhar province in Afghanistan and in the Khatlon and Gorno-Badakhshan Autonomous regions in Tajikistan. These regions are amongst the poorest in the two countries. Strengthening economic activities throughout the frontier will contribute to increase economic and trade opportunities in the two regions, leading to improved living standards for the local population.

In Turkmenistan EU support to the Government's reform agenda continued throughout 2016 within a complex institutional context. The EU bilateral projects on sustainable development, private sector development and technical regulations, completed their course in building knowledge and capacities via tailored training courses and seminars for key Turkmenistan stakeholders. The Public Finance Management (PFM) III project provided support in the reform of the budget code. The last bilateral projects under the MIP 2007-2013 were launched in October 2016, in the field of sustainable agriculture and rural development (EUR 3.5 million), public administration capacity building (EUR 4 million), and education and vocational training reform (EUR 4.5 million). For the MIP period 2014-2017, the EU focuses on the single sector of vocational education and training, considering the government's reform priorities, the need to create a skilled and qualified workforce in Turkmenistan, and the EU's long-standing experience and added-value in this sector. Under the Annual Action Programme (AAP) 2016, a new commitment for EUR 9.5 million was made for a vocational education and training programme.

In Uzbekistan, EU support continued throughout 2016 in a positive context of leadership transition. One programme was decided in 2016: "Support to the Horticulture Sector" with EUR 21.5 million for support to agricultural diversification. Support to the irrigation systems in the Ferghana Valley (EUR 15 million) was also initiated. On 14 December 2016, the European Parliament decided by an overwhelming majority to consent to the Textile Protocol while recalling the need for a continued monitoring of child and forced labour in cotton harvesting. Uzbekistan will now be able to benefit from the most favoured nation trade conditions as well as from the abolition of quantitative restrictions. The Commission's support to third party cotton harvesting monitoring (with the World Bank and the International Labour Organisation) and the support to the horticulture sector will pave the way for further dialogue and progress in eradicating child and forced labour and ultimately for building a more fair and efficient agriculture sector in Uzbekistan.

Regional programme

The year 2016 confirmed the EU engagement for regional programmes in Central Asia, in line with the EU- Central Asia Strategy and its 2015 Council Conclusions and with the Agenda 2030. An independent evaluation of our programmes for the period 2007-2014 concluded positively on the results and impacts of our action at national level and, at regional level, supported enhanced dialogue between Central Asian countries, but with limited results so far.

Our thematic regional dialogues on the Rule of Law, Environment and Water, and Education continued to be supported with specific EU Central Asia Platforms. In September 2016, a new phase of our Platform for Water and Environment was launched and the office of the Platform established in Astana. In November 2016, a regional EU-CA conference took place in Cracow, with a leading role from Poland. Our support to the private sector continued with the Central Asia Invest programmes and seven new grants were attributed to Business Intermediary Organisations throughout the region. In the framework of the project in November 2016, a high-level policy dialogue among Ministries of Eurasia took place jointly with the peer-review of Kyrgyzstan and Mongolia, in the framework of the OECD Eurasia week.

The year 2016 also witnessed the successful implementation of the first operational year of the 9th phase of the regional border management programme (BOMCA 9) and 6th phase of the regional drug prevention programme (CADAP 6). All planned activities were implemented successfully and the cooperation with the beneficiaries was positive and effective. Overall, these programmes benefited from a new positive regional context, with improved cross border relations. The facilitation of ad hoc bilateral meetings between Kyrgyz and Uzbek border guard agencies on borders demarcation stands out as an example of how the programmes can have a very direct positive impact on regional security. BOMCA also facilitated the organisation of the Central Asia Borders and Security Initiative (CABSI), the highest level international platform for discussion of cross border security issues in CA. The programmes thus continue to make an important contribution to the security and stability of Central Asia through better border management, combating illicit trafficking and the abuse of drugs.

The Central Asia Sustainable Energy Programme came to an end in 2016. The project supported the development of National Energy Plans targeting, in particular, energy efficiency and renewable energy. Regular seminars were held and progress were achieved notably in Kyrgyzstan and Tajikistan where the government's response and participation was quite high. In Kyrgyzstan, the project activities led to the adoption by the government of the 'National Plan on Energy Savings'. In 2016, the project completed with the Uzbek Ministry of Health and Ministry of Economy a pilot programme on Rural Health Centres/Clinics (RHC) with the objective to use photovoltaic power to make the RHCs energy self-sufficient.

The Investment Facility for Central Asia (IFCA) continued to provide targeted assistance by blending EU grants with loans from the "European Financial Institutions" (EFIs) to gain financial and qualitative leverage and thereby increase the impact of EU cooperation. IFCA contributed to the funding of activities in the sectors of environment (renewable energies and energy efficiency), energy (renewable energies and energy efficiency), municipal infrastructures (waste, water) and SMEs. In 2016, commitments were approved for an amount of EUR 20 million and new projects for IFCA grant contributions totalling EUR 12 million have already been approved under this allocation, contributing to investment projects amounting to a total estimated value of around EUR 260 million.

Case studies

Case Study – Strengthening Democracy through Electoral Reform in Kyrgyzstan

With funding of just over EUR 13 million, the EU is supporting the efforts of the government of Kyrgyzstan to further improve its electoral system. The Parliamentary elections of 2015 were judged by independent observers to be largely free and fair, but there remains scope for further improvement. EU funding is delivered via the budget support mechanism to support implementation of the government's own strategy for electoral reform. Indicators for the programme include faster and more accessible information on election results, a more complete and inclusive register of eligible voters, and improved procedures for oversight of polling stations.

Case Study - Supporting children with Disabilities at Community level in Tajikistan

The EU has been supporting children with disabilities in Tajikistan since 2012 through community-based health rehabilitation centres. Over the years, several projects have been undertaken with the aim to enhance a community-based social service environment for Tajik children with disabilities. For example, in Gonchi District, with a funding of over EUR 460 000, a project contributed to setting up a locally sustained community based system of social services for families of disabled people. The project has applied the Community Based Rehabilitation model to organise social services at home and provide access to specialist consultations and vocational rehabilitation. The project has directly benefited 400 persons with disabilities and their families; 80 professionals in social services/health care/education; decision makers at district and regional level; communities in three *Jamoats* and the district centre in Ghonchi district. Another project with a funding of EUR 700 000 supported the development of the social services system for children with disabilities and their families in the Khatlon and Zerafshon oblasts. The project reached approximately 33 000 households (265 400 people in total) in 25 *jamoats* in Khatlon's Kulob, Muminobod, Shurobod, and Khovaling, and Zerafshan's Penjakent districts. The project's main beneficiaries were children living with disabilities and their families; practitioners providing social services; and staff from government counterparts.

Case study - Rural voices – poverty alleviation through community-driven business initiatives in Kyrgyzstan

The European Union is contributing EUR 537.000 to this project that sees 612 farmers from the Jalal-Abad region working in 54 groups to generate income, and they have already started earning money through sales of vegetables and watermelons. 48 demonstration plots have been established and are

used to train local farmers in modern agricultural technology such as drip irrigation, vegetable cultivation in “*parniks*”, gardening/tree nursery, seed potato production and rainwater harvesting technologies. Seven model greenhouses and 38 family greenhouses have also been constructed in 2016.

Rural development projects such as these address the most critical issues of the rural population which in turn improves their livelihoods. Such projects continue to work during 2017, helping rural people gain an income and develop their own communities. The European Union remains a reliable partner of the Kyrgyz Republic.

Case study - Local development and sustainable tourism in Eastern Kazakhstan

The Golden Altai-wealth for local development project aims at fostering sustainable rural tourism in the region as an innovative way for socio-economic development and poverty reduction. The EU contributes with an amount of EUR 350.000 until July 2017, which is part of a broader programme supporting Kazakhstan's Local Development Policies. The project helped to bring to the region new ideas and know-how including low-cost approaches in developing suitable infrastructure and services for rural ecotourism and for support of local residents in entrepreneurship and mutual collaboration.

An effective cooperation network has been created among local stakeholders in tourism with participation of local authorities (oblast and district Akimats), entrepreneurs, NGOs, cultural institutions (three museums) and protected area administrations. A suitable model operating in Gesäuse National Park in Austria promoting a system of partnerships was transferred into Katon Karagay National Park and Western Altai State Nature Reserve which could play a leading role in tourism development. Various local beneficiaries ranging from protected area managers, local community leaders and representatives of NGOs and active citizens increased their capacities in rural tourism development through study programmes and other training. The project has contributed to the creation of essential tourist facilities such as guest houses, visitor centres, marked trails, etc. and effective marketing of local products such as honey, dairy products, fruit jams and herbal teas. A range of new attractive tourist products (tours, folklore festivals, open-air art installations) has been developed and promoted, leading to seasonal employment in tourist services and souvenir production. The interest of tour-operators and the number of visitors to the project area has risen. Also, through the social component of the project, children with disabilities and orphans have been successfully integrated into project activities.

Case study - Improving the court system in Kazakhstan

Under the EU-Central Asia Rule of Law Platform, an audit of the District Court of Tselynograd, considered as a pilot court of general jurisdiction, was performed. Exchanges and interviews with court staff, the local general prosecutor office, the bar association, bailiffs and other representatives of relevant professions and an analysis of applicable legislation, regulation and case-law, and on-site visits were carried out. This allowed identification of good practices, shortcomings and failures, the adequacy of resources available, and the image of the court.

Conclusions and recommendations of the audit based on best judicial standards and practices, were presented to the supreme court. for generalisation to the entire judicial system of Kazakhstan Several recommendations were taken on board by the Supreme Court, including: raising public awareness of the Alternative Dispute Resolutions (ADRs) and introducing compulsory pre-trial mediation in civil matters (such as conciliation in family or labour law cases, conciliation commission in medical malpractice cases, public works, and tax disputes), replacing strict procedural time limits by the concept of reasonable delay as defined by the European Court of Human Rights as efficiency should not overcome fairness, imposing the compulsory representation of parties by counsel in certain technical cases (lawyer, labour or consumer protection union, relative, or qualified professional), and shortening and simplifying the enforcement procedure in certain criminal cases (damages could be paid – and possibly lessened – immediately following sentencing).

As a result of this activity, the Central Apparatus of the Supreme Court of the Republic of Kazakhstan will be able to take action for improving judicial governance and the functioning of Kazakh courts. Ultimately, a quality and efficient judicial system will contribute to increasing legal safety in Kazakhstan. A synthesis of the audit report has been prepared to be circulated to the other Central Asian countries.

3.5.3. Middle East / Gulf region

Introduction

The EU Global Strategy recognises the need to pursue a balanced engagement with the Gulf States, with which we share many of the challenges affecting the European Union. Indeed, the EU relationship with the Gulf is guided by the Strategy's main priorities, from the security of the Union to counterterrorism to energy security.

In 2016, the EU continued its political dialogue with the Gulf Cooperation Council (GCC) through the 25th annual Ministerial EU-GCC meeting, held in Brussels on 18 July 2016, and the Joint Cooperation Committee on 6 April 2016 in Riyadh. The EU also initiated a dialogue on counter-terrorism with the GCC (on combatting terrorism financing), and with the United Arab Emirates (UAE) and Qatar (both in April 2016). Additional areas of cooperation were explored through a number of sectoral activities in the field of energy, aviation, economic diversification and climate change, and research and innovation. A dedicated platform for EU-GCC Cooperation was set up to deepen the bilateral dialogue on coordination of development assistance. The EU financed two main projects: an EU-GCC Trade and Business Cooperation Facility and an EU-GCC Clean Energy Network.

For Yemen, the EU supported the UN-led negotiations towards a Cessation of Hostilities and the setup of the monitoring mechanism: the De-escalation and Coordination Committee. Moreover, the EU has been one of the main international donors in response to the humanitarian crisis. Total EU contributions in humanitarian funding have been increased to EUR 120 million since the beginning of the conflict. In addition, the EU placed its focus on Governance/Rule of Law Security Sector Reform and integrated rural development. In this regard, the EU made available a financial allocation of EUR 440 million under the DCI for the period 2014-2020. For 2016, the allocation was EUR 32 million.

The EU is continuing its engagement with Iraq in the context of the EU-Iraq Partnership and Cooperation Agreement. The EU-Iraq Cooperation Council chaired by the HRVP met on 18 October 2016 in Brussels and discussed regional issues and topics related to human rights and democracy, energy, trade and economic issues. In January 2016, the EU Foreign Affairs Ministers reaffirmed their support to stabilisation in Iraq. At this occasion, the HRVP underlined the need to draw on all available EU instruments to assist Iraq in its important transition phase. At the Washington Pledging Conference for Iraq in July 2016, the EU has contributed over EUR 194 million of humanitarian, stabilisation and development assistance. Throughout the year, the EU firmly condemned all human rights violations committed in the country and called for perpetrators to be brought to justice.

Following the April 2016 EU mission to Iran, the first EU-Iran Working Group on Science, Research, Technology and Innovation took place in Brussels in the autumn of 2016. The two parties agreed to strengthen cooperation under various parts of Horizon 2020, including in the scientific fields of migration and Key Enabling Technologies. It was also agreed to deepen cooperation in the field of higher education with a focus on students, researchers and academic staff mobility.

Development effectiveness and donor coordination

The sheer size of the challenges both in Yemen and Iraq require extensive coordination and cooperation from the donor community and the national authorities to fine tune their interventions and adopt common goals and strategies.

Iraq has a central government in Baghdad and regional authorities in Erbil (for the Kurdish Region). The EU is present with a Delegation in Baghdad and an office in Erbil. This facilitates regular contacts with both authorities. Coordination with the Member States active in the country occurs both during

field visits in Iraq by the development team (and in particular the Head of Cooperation and the desk based in Brussels), in Amman where most partner organisations are present, and in Brussels through the Council Middle East/ Gulf Working Group (MOG) and other events.

In order to address the challenge of the post Da'esh stabilisation of the country and in particular the liberated areas, when the national authorities and international partners will have a presumably short window of opportunity to stabilise the country, restore basic services, enforce security and restore hope, there needs to be a swift coordinated response. For this reason, the Commission Services have jointly prepared a Comprehensive Plan of Action joining all activities and plans in a Linking Relief, Rehabilitation and Development (LRRD) concept, with the intention of further joint or close programming with the Member States and other like-minded donors.

The interventions will be reviewed and confirmed with the Iraqi authorities, who are encouraged to reinforce their coordination role, both between the entities and towards the donors. The main challenge will be to reinforce the national planning capacity, to address both the immediate post conflict needs and the medium to long term development of the country, necessary to reap the dividends of peace and benefits of the country's natural wealth, in order to facilitate physical reconstruction and reconciliation.

The situation in Yemen is more complex. With a multi layered conflict, a country *de facto* controlled by several factions, a government in exile, and a full-fledged escalating conflict (ground offensives, terrorist attacks, air campaign, economic warfare, blockade, with a serious risk of regional implications following missile attacks on ships in international waters and the alleged/suspected involvement of Iran), the situation is much more complex. International organisations have mostly evacuated the country (some international staff of humanitarian or UN agencies remain in country, mostly restricted to specific areas), access to the country is limited, transfers in country are restricted, and international cash transfers are limited. International intervention can only focus on humanitarian aid, resilience, maintenance of a presence on the ground, safeguarding of assets (in particular functioning institutions such as the Social Fund for Development). The political implications of the conflict seriously limit the capacity to intervene, implying that the focus of international intervention should go towards actions that ensure immediate continuity following the humanitarian support, and efforts towards reconciliation with grass-root interventions. Coordination is ensured between the EU and Member States via regular "capital meetings". Reaching out to regional actors, donors in particular, remains of extreme importance given their influence.

Working towards the SDGs

Iraq has made progress enrolling children in primary education. The percentage of enrolment is now 98.1 %. However, net enrolment ratio in secondary education is still low (48.6 %). Iraq faces considerable challenges in its efforts to meet the 2015 MDGs, particularly in gender equality (27 % of seats held by women in national parliaments) and access to improved water sources (at 70.6 %). The EU is addressing these challenges by improving gender equality and water management services as well as enhancing access to quality secondary education.¹¹⁸

Most MDG indicators continue to worsen in Yemen, which is in the midst of a humanitarian crisis. The moving of the central bank to Aden, a step towards partition of the country, has resulted in a *de facto* suspension of payment of salaries to civil servants. Malnutrition is severe, bordering on famine and particularly affecting children under five, and basic services, in particular health, are severely disrupted.

¹¹⁸ 2015 Millennium Development Goals – Iraq (UNDP – Report 2013) - http://www.undp.org/content/dam/iraq/docs/mdgs/MDG%20Booklet%202013_C_FIN-EN.pdf

Implementation:

Bilateral cooperation including budget support

Iraq remains centrally managed. Remote management has its limitations, in particular in terms of policy dialogue. In order to address this issue, the EU has decided to merge the Iraq and Yemen Commission Services teams, and relocate them to Amman. The resulting economies of scale, and proximity to the region, should facilitate project implementation. This will be of particular importance as the programmes become less stabilisation and more state-building oriented, with an increased strategic importance of policy dialogue. The challenges of remote management can indeed already be noticed in some reform oriented projects such as the energy programme, or the rule of law programme which have had a slow start due to the lack of local presence. Actions implemented by (international) organisations present on the ground (UN or major NGOs) encounter this inconvenience to a lesser extent.

Yemen has seen a very volatile situation, which has required flexibility in programme and project implementation. The portfolio of contracts is regularly reviewed to suspend or terminate, if requested by the implementing partner, actions that cannot proceed in their original design and where re-design is impossible; to redesign the action to reflect the new situation; and in general, to adapt our way of working to the evolving situation. Access on the ground and in-country is difficult, which limits our implementing capacity, as well as our oversight (monitoring, audits, and evaluation have been impossible). A Comprehensive Plan of Action has been prepared by the Delegation as a way to look forward for short, medium and long-term interventions. Suspended decisions are being redesigned in order to allow signing new contracts. Local implementing partners have been (Yemen Social Fund for Development - SFD) or are being currently assessed (Social Welfare Fund - SWF) for their capacity and our risk exposure. All in all, no effort is spared to maintain a useful intervention on the ground, providing support to resilience and maintaining functional assets (such as institutions). Challenges and limitations are an inherent part of working in unstable environments. Yemen has been unstable for the best part of the past decade, and this should be integrated in our strategic design, bringing forward the Comprehensive Plan of Action and reviewing it as the situation evolves.

Regional cooperation

No regional programme or envelope exist for the region, but the intention is to modify this since, with the Joint Comprehensive Plan of Action (JCPOA), regional cooperation with Iran, and the Gulf Cooperation Council could be of benefit for all the countries in the Gulf.

CBC overview

Currently, there are no cross-border programmes. Only Iraq and Yemen benefit from a bilateral envelope, and are often bordered by high income countries. As soon as the conflicts allow it, a regional approach will be developed to build bridges, in particular towards easing tensions between religious communities (Shia and Sunni, namely the Kingdom of Saudi Arabia and Iran).

3.5.4. Pacific

Introduction

Climate change continues to be the single greatest threat to the Pacific region and challenges Pacific countries' ability to progress towards achieving the Sustainable Development Goals (SDGs). Building on the alliance forged for concluding the international agreement on climate action in Paris in 2015, the EU and the Small Island Developing States (SIDS) in 2016 continued to cooperate towards the implementation of the agreement. Together with a number of Pacific countries the EU fought illegal, unreported, and unregulated fishing to work towards sustainable fish stock management in the Pacific.

With the existing Economic Partnership Agreement delivering economic advantages to participating countries, Papua New Guinea (PNG) and Fiji, other Pacific island nations became interested to obtain information on the workings of the agreement with a view to possibly joining it.

In the wake of Tropical Cyclone Winston, the strongest ever recorded cyclone that made landfall in Fiji, causing widespread devastation and claiming 44 lives, disaster preparedness and building resilience in communities and countries affected by climate change have emerged as the most urgent tasks to be tackled in the region. Fiji, Marshall Islands, Micronesia, Palau, PNG and Timor Leste were hit by the strongest El Niño phenomenon, severe droughts impacted millions of people; and humanitarian aid as well as special measures in response to food insecurity were implemented.

In June Commissioner Mimica visited several countries in the region to confirm the EU's long-term partnership and support the region's efforts towards sustainable development especially in the field of renewable energy.

During the year, the EU held Political Dialogues with Kiribati, Marshall Islands, Timor-Leste, Solomon Islands, Samoa, PNG, and Fiji, during which issues such as support for elections in 2017, human rights and democracy, rule of law, and energy were addressed. The EU also encouraged partners to ratify and implement UN Conventions on human rights and the Rome Statute on the International Criminal Court, where appropriate.

New Caledonia and French Polynesia, two French Overseas Countries and Territories (OCTs) with some 500 000 European citizens, became full members of the Pacific Island Forum, and brought the EU and the Pacific Island States yet another step closer together as partners.

The EU also signed short stay visa waiver agreements with Solomon Islands, Micronesia, Marshall Islands, Kiribati and Tuvalu.

Development effectiveness, donor coordination and Joint Programming

Donor coordination was effectively pursued, notably through the systematic participation in the annual donor coordination meetings hosted by the partner Pacific countries.

At the regional level, close coordination among the main development partners was achieved through several consolidating mechanisms, notably the Pacific Regional Infrastructure Facility (PRIF), the Heptagon meetings and the Secretariat for the Pacific Community's (SPC) Committee of Representatives of Governments and Administrations (CRGA). The 11th EDF regional programming exercise also emphasised the donor coordination mechanism.

The prospects for concrete, programming cooperation with EU Member States (for example, through Joint Programming) are not opportune currently due to the limited development cooperation between EU Member States and the low presence of their aid implementing agencies in the region. Nonetheless, Member States were systematically consulted on programme preparation and were kept informed of progress in implementation.

Working towards the SDGs

In 2016, ongoing and new projects in the Pacific contributed to at least 13 of the 17 SDGs. In particular EU support targeted SDG5 (Gender Equality), SDG6 (Clean Water & Sanitation), SDG7 (Affordable & Clean Energy), SDG13 (Climate Action), SDG14 (Life Below Water) and SDG16 (Peace, Justice & Strong Institutions).

Gender inequality and gender-based violence are widespread in the Pacific. As such, on top of mainstreaming gender in all EU actions to work towards SDG5, 2016 has seen the identification of a regional programme to tackle gender issues.

In Samoa, the EU signed a sector reform contract with the government to improve their water and sanitation sector, as support towards SDG6. This continues previous support under the 10th EDF.

A number of programmes target the energy sector in an effort to reach SDG7. For example, in 2016 the EU signed programmes with Nauru and Niue to support the provision of reliable, efficient and affordable energy, including through diversifying the energy base by increasing the share of renewable energy.

After the successful High Ambition Coalition between the EU and Pacific-ACP states at the 2015 COP21 in Paris, the EU has continued to work with Pacific countries to tackle climate change and its effects, targeting SDG13. For example, through the energy sector, which is the focus of EU support in six countries.

During 2016, the EU continued its programme to support the development of the domestic tuna fisheries industries and the fight against illegal fishing. The programme to improve scientific advice for the management of fisheries will also contribute towards SDG14.

In support of achieving SDG16, the EU signed a UNDP-implemented programme to improve access to justice in Fiji, particularly for women and girls.

Implementation

In 2016, the EU consolidated partnerships with several countries through new sector budget support in areas such as energy, water and rural development. Cooperation with regional organisations focused on achieving results on the ground. Strategic relations between the EU and the Pacific Island Countries progressed, particularly in terms of climate change. The EU also built on its strategic partnerships with other regional players, such as with New Zealand on renewable energy.

The Delegation continued sector policy dialogues in the countries with existing sector budget support operations (Tonga, Samoa, Cook-Islands, Pitcairn). More challenging was introducing policy dialogue in countries where budget support was a new concept, such as Marshall Islands, Tuvalu, Fiji, Wallis & Futuna, French Polynesia and New Caledonia. Experience in Tonga has shown that regular meetings on PFM and on sector policies is crucial to keep the momentum. Policy dialogue was complemented by Political Dialogues with Samoa and Fiji.

At the regional level, the Delegation became a member of a task force to develop a regional approach to Agenda 2030. It was also instrumental in developing the Framework for Resilience and Development of the Pacific which will bring together mitigation and adaptation policies and actions, and which is a direct response to the COP 21 Agreement.

The implementation capacities of the regional organisations have improved. Their 2016 pillar assessment, with the accompanying Technical Assistance, has helped to improve governance structures and shortcomings in procurement systems. However, past failings have come to light through a number of expenditure verifications. These could pose a big financial challenge for some organisations and thus could affect the performance of the forthcoming regional programmes.

During 2016, the Commission approved 15 new bilateral actions under the 11th EDF for the Pacific: Timor-Leste (EUR 30 million for Good Governance, EUR 27 million for Rural Development), Papua New Guinea (EUR 23.1 million for WaSH, EUR 9 million for Programme Implementation), Samoa (EUR 17.2 million for Water, Sanitation and Hygiene (WaSH), EUR 2 million for CSO Support), Solomon Islands (EUR 10 million for Rural Development, EUR 4.2 million for Support Measures), Tonga (EUR 10 million for Renewable Energy), Fiji (EUR 7.5 million for Good Governance, EUR 0.5 million for Support Measures), Marshall Islands (EUR 9.1 million for Renewable Energy and CSO support), Kiribati (EUR 2.2 million for Support Measures), Nauru (EUR 2.4 million for Renewable Energy), and Niue (EUR 0.3 million for Renewable Energy). Of these, four actions are being implemented through budget support.

Work on sector budget support programmes for the four OCTs experienced some delays. By the end of 2016 the programmes for New Caledonia (employment), French Polynesia (sustainable tourism), Wallis and Futuna (information technology) and Pitcairn (tourism) were fairly advanced and decisions can be expected in the first half of 2017.

In addition, the Commission approved actions to support countries affected by severe weather events: Vanuatu (EUR 12.5 million in response to tropical cyclone Pam), Fiji (EUR 10 million in response to tropical cyclone Winston), Papua New Guinea, Fiji, Timor-Leste, Palau, Republic of Marshall Islands and Federal States of Micronesia (EUR 15 million in response to El Nino impacts).

Finally, EUR 20 million were adopted as seed money for the Investment Facility for the Pacific. This Facility will support private sector and green economic development.

Commissioner Mimica visited the region in June to participate at the ACP Summit in Port Moresby and to visit several countries with the New Zealand Minister of Foreign Affairs, Murray McCully. The visits to Vanuatu, Tuvalu and Kiribati focused on highlighting the partnership with New Zealand on promoting renewable energy in the region and extending this to wider climate change related joint activities, particularly on agriculture. The regional conference on renewable energy in Auckland, at the end of the mission, was instrumental in bringing together all key partners: Pacific countries, development partners, including the International Financial Institutions (Asian Development Bank, World Bank, European Investment Bank, *Agence Française de Développement*) and the private sector.

Case studies

Case study – Climate Change and Resilience

The ACP-European Union Building Safety and Resilience in the Pacific Project (EUR 20 million) has reduced the social, economic and environmental costs of disasters and lessened the vulnerability of 15 Pacific Island Countries by providing equipment, technical support and training. This programme has proved instrumental not only responding to the last devastating natural disasters such as floods, tropical cyclones and the effects of El Niño Southern Oscillation, but also contributing to a more

Case study – Waste Management

The Pacific Hazardous Waste Management Programme (EUR 7.85 million) has ensured best practices in healthcare waste management in 17 of the 42 hospitals in the Pacific by providing 26 incinerators and training in their use. It has also improved E-waste management to better protect environments in seven countries and improved asbestos waste management in 13 countries. The programme has improved the Marshall Islands waste collection systems and recycling programme. Furthermore, it helped launch of the Clean Pacific Roundtable, which has facilitated waste and pollution control dialogue.

Case study – Post-cyclone Recovery

Tropical Cyclone Winston struck Fiji on 20 February 2016. The Cyclone affected approximately 540 400 people (62 % of the island's population). The storm brought down the power and communications systems and 44 people died. Since then, the EU has supported Fiji to recover from this through a range of initiatives. The EU rapidly mobilised significant emergency funding and contributed to the Fijian government's Post-Disaster Needs Assessment. In addition, the EU committed EUR 10 million to support the rehabilitation of the particularly hard-hit agriculture and sugar sectors.

3.6. OCTs

The Overseas Association Decision¹¹⁹ (OAD) establishes the legal framework for the relations between the Overseas Countries and Territories (OCTs)¹²⁰, the Member States to which they are linked, and the European Union. On the basis of the Treaty on the Functioning of the European Union¹²¹ (TFEU), the purpose of the Overseas Association Decision is to support the sustainable development of the OCTs and promote the values of the Union in the wider world.

The EU provides financial support to the OCTs in the context of the association mainly through the European Development Fund, with an amount of EUR 364.5 million allocated under the 11th EDF-OCT for the 2014-2020 programming period¹²². Furthermore, Greenland is funded directly by the EU general budget on the basis of the 'Greenland Decision'¹²³, allocating EUR 217.8 million for the period 2014-2020 to cooperation in an area of mutual interest.

The 11th EDF-OCT resources available to the OCTs are split into the following allocations, based on Annex 2 of the Overseas Association Decision: EUR 229.5 million for territorial (bilateral) allocations; EUR 100 million for regional cooperation and integration; EUR 21.5 million to finance humanitarian and emergency assistance, or assistance for fluctuations in export earnings; EUR five million to finance interest subsidies and technical assistance through the EIB's OCT Investment Facility; and EUR 8.5 million for studies and technical assistance in accordance with Article 81 of the OAD.

In accordance with the criteria established in the OAD, sixteen OCTs are considered eligible for a territorial allocation under the 11th EDF-OCT¹²⁴.

Regional programmes seek to foster cooperation among OCTs in the same region and sharing a similar set of challenges and priorities. Actions financed under the regional allocation support the elaboration and implementation of comprehensive regional programmes and projects for addressing these challenges. Partnerships with other funding sources, including other EU financial instruments, through cooperation with the neighbouring ACP and/or third countries, as well as the EU's outermost regions, are actively encouraged.

Implementation

Part Four of the OAD establishes a programming process which is specific to OCTs. Unlike countries of the African Caribbean Pacific group (ACP), programming is not based on National Indicative Programmes but organised around a one-step process, the elaboration of a Programming Document, which has two components: the EU response strategy and, the Action Document(s).

Only one formal European Commission decision is taken to approve OCT Programming Documents, covering both the strategic orientations and the detailed programme design. OCTs maintain the primary responsibility for the establishment of Programming Documents, including the priorities upon which their strategies are based and ensuring the necessary local consultation.

The programming exercise for the 11th EDF for OCTs was launched in late 2013. The Commission presented the indicative financial allocations and programming instructions, and launched an

¹¹⁹ Council Decision 2013/755/EU on the Association of the Overseas Countries and Territories with the European Union (OJ L 344/1)

¹²⁰ The EU's Overseas Countries and Territories are Greenland, New Caledonia and Dependencies, French Polynesia, French Southern and Antarctic Territories, Wallis and Futuna Islands, Saint Pierre and Miquelon, Saint-Barthélemy, Aruba, Bonaire, Curaçao, Saba, Sint Eustatius, Sint Maarten, Anguilla, Cayman Islands, Falkland Islands, South Georgia and the South Sandwich Islands, Montserrat, Pitcairn, Saint Helena and Dependencies, British Antarctic Territory, British Indian Ocean Territory, Turks and Caicos Islands, British Virgin Islands, Bermuda.

¹²¹ Part Four of the Treaty on the Functioning of the European Union, (C 326/47), 26.10.2012

¹²² Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020, in accordance with the ACP-EU Partnership Agreement, and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies (L210/1).

¹²³ Council Decision 2014/137/EU on relations between the EU on the one hand and Greenland and the Kingdom of Denmark on the other (OJ L76/1), allocates EUR 217.8 million for the period 2014-2020 to cooperation between the Union and Greenland in an area of mutual interest.

¹²⁴ Annex 1 to this report includes the list of indicative individual territorial and regional allocations.

extensive consultation process to agree potential focal sectors of cooperation. This included discussions at the OCT-EU Forum at the political level, regional OCT conferences in the Pacific Ocean and the Caribbean and several tripartite meetings.

Proposals for sectorial priorities have now been made for all territorial and regional programmes. The proposed concentration sectors for the territorial allocations are markedly grouped around key themes, which broadly include: environmental issues, climate change and disaster risk reduction (accounting for four of the 16 OCTs with indicative territorial allocations); youth, education, training, health, employment and social policy training (accounting five out of 16 OCTs); tourism (accounting for three out of 16 OCTs); and accessibility (accounting for three out of 16 OCTs).

For Greenland, the Programming Document for 2014-2020 was signed in October 2014, defining education as the focal sector. The implementation of the programme is on-going, through a sector reform contract.

These priorities align to the aim of sustainable development, thus addressing the three pillars of development (economic development, social development and environmental protection) as outlined in the objectives of the Overseas Association Decision.

In terms of implementation, budget support has been proposed by most OCTs, representing a shift away from the project modality previously used in Curaçao, French Polynesia, Sint Eustatius and Wallis and Futuna. In all cases, an assessment of the eligibility criteria relating to the use of the budget support modality has been carried out by the Commission.

In 2016, the 11th EDF programming documents for the following OCTs were approved: Saint-Pierre-et-Miquelon (EUR 26.35 million) for sustainable tourism, Saba (EUR 3.55 million) for renewable energy; Sint Eustatius (EUR 2.45 million) for energy and education, and Turks and Caicos Islands (EUR 14.6 million) supporting education and vocational training. The first tranche of financial support to Saint-Pierre-et-Miquelon under the 11th EDF was paid in 2016 for a total of EUR seven million. In addition, payments to the 11th EDF technical facility for a total of EUR 0.9 million were executed in 2016.

During 2016, implementation of 10th EDF activities in OCTs is on-going, reflected in payments of EUR 18.6 million. These benefitted Aruba, the Falkland Islands, French Polynesia, Saint Helena, Ascension Island, Tristan da Cunha, Saint-Pierre-et-Miquelon, Sint Eustasius, Sint Maarten, the Turks and Caicos Islands, Wallis and Futuna Islands as well as regional and thematic programmes. In 2016, Greenland benefitted from payments of EUR 29.1 million.

4. IMPLEMENTATION: THEMATIC OVERVIEW

4.1. The thematic programmes

Human development remained a priority for the European Commission's development action in 2016. In addition to managing global programmes, thematic services ensured quality support to programmes managed by EU Delegations and by EU Trust Funds (EU Africa Trust Fund and the EU Trust Fund for Syria) through missions, remote support, training seminars and policy papers.

Renewed emphasis has been placed on cooperation in the culture sector, following the joint communication of the Commission Services and the EEAS 'Towards an EU strategy for international cultural relations'¹²⁵ (2016). This Communication presents a more comprehensive and coordinated approach to culture, focusing on actions of intercultural character and people-to-people dimension, and financed through various EU instruments and tools. It seeks to utilise the full potential of Europe's cultural and educational assets to promote intercultural dialogue and strengthen mutual understanding, support development and culture, promote the peace-building role of culture, and highlight the importance of cultural heritage.

The Commission continued to deliver on its EUR 3.5 billion nutrition pledge (Nutrition for Growth summit that took place in 2013) within the current 2014-2020 Multiannual Financial Framework aimed at reducing cases of 'stunting' by seven million by 2025. An evidence-based planning resource was developed to strengthen programming of school-based nutrition interventions to improve the nutritional status of children and/or their educational outcomes. The resource has been widely disseminated amongst colleagues working on nutrition and education both within EU Delegations and various Commission Services as well as Member States. Similarly, work has advanced on the development of an evidence-based planning resource to strengthen the integration of nutrition interventions within health sector programmes.

4.1.1. Global Public Goods and Challenges Human Development

Health, education, child well-being and culture

In 2016, Commission's thematic services continued to provide quality support to EU Delegations in countries where education and/or health are a focal sector.

The European Commission and the United Nations Children's Fund (UNICEF) continued their cooperation in implementing support programmes to the health and education sectors in more than 70 countries. This cooperation has been strengthened through a Partnership Dialogue that started in 2015. One of its outcomes is the elaboration of a Reference Pack that holds guidance documents setting out jointly agreed principles of good practice in support of health and education sectors, with a focus on development effectiveness through the strengthening of national authorities' policies and through the use of countries' delivery mechanisms. The first edition of this Reference Pack will be applied to upcoming jointly developed programmes.

Health

The EU continued to support the Global Fund to fight AIDS, Tuberculosis and Malaria, and the Global Alliance on Vaccines and Immunisation (GAVI). These three communicable diseases, as well as child and maternal health, remain a major challenge for many EU partner countries in their efforts to achieve the health Sustainable Development Goal (SDG3).

The EU has been a strong supporter of the Global Fund both politically and financially (more than EUR 1.5 billion since 2002) as well as of GAVI. The EU's broad membership and significant contributions to the Global Fund and GAVI allowed the EU to play a key role in shaping the global policy agendas in health as well as ensuring progress on the SDGs at country level and better alignment with national priorities. Through its proactive participation on the boards of the Global Fund

¹²⁵ JOIN(2016) 29 final, 8.6.2016

and GAVI and coordination of common EU and donor positions for the boards, the EU played an instrumental role in driving the issue of health systems strengthening on their agendas and contributed to improving governance, programmatic oversight and a more effective allocation and programming of resources to poor countries for these initiatives.

The EU's support for the Global Fund has contributed to impressive results according to the latest Global Fund report: 20 million lives saved by the end of 2015; 9.2 million people on life-saving HIV-treatment in 2015 with access to such treatment growing from 4 % coverage in 2005 to 21 % in 2010 and 45 % in 2015; a decline by one-third in the number of people dying from HIV, TB and malaria since 2002 in the countries where the Global Fund invests; 15.1 million people have received TB treatment and 659 million mosquito nets distributed through programmes for malaria by mid-2016. EU support for GAVI contributed to 277 million additional children being vaccinated between 2010 and 2015. The great progress in vaccinations is an important contributor to the decrease in child mortality.

The EU together with Luxembourg (LUX) continued to support the World Health Organisation (WHO) in fulfilling its core role in coordinating and strengthening the health sector at country level with more countries added to this important programme. The Universal Health Coverage (UHC) Partnership is a EU/LUX grant to WHO Geneva (Phase III: EU: EUR 28 million, LUX: EUR five million), began in 2011 and started its third phase in January 2016. Through this Partnership, WHO country offices assist Health Ministries in developing their national health strategies, strengthen health financing, and support donor coordination and donor alignment to the national health policies. While the first phase (2011-2013) of the UHC Partnership supported seven countries, this number has now increased, due to strong interest by partner countries, to 28 countries, benefitting a total population of 500 million people. Currently an additional 25 countries are requesting to join the programme. The UHC Partnership also supports the International Health Partnership (IHP+), which is currently being transformed into the IHP for UHC 2030 with the aim to more effectively and efficiently address health for all policies under the SDG3.

The programme focuses especially on fragile countries, including the three countries most affected by the Ebola epidemic, where the UHC Partnership enabled WHO to assist the ministries of health in the re-organisation and strengthening of the health sector. The fifth Annual Review Meeting of the UHC Partnership in March 2017 in Brussels was attended by more than 200 participants from 32 countries and gave strong evidence of the successful programme implementation by WHO together with partner countries.

The EU support for networks of Public Health Institutes got off to a good start and is expected to produce significant results in the coming years.

The European Commission has continued to play a leading role in ensuring women's access to health and family planning services around the world. Sexual and Reproductive Health and Rights are an integral part of our bilateral health programmes and our commitments to gender equality as reflected in the Gender Action Plan 2016-2020.

The Commission supported the United Nations Population Fund (UNFPA) Trust Fund 'UNFPA Supplies' (EUR 20 million for 2016-2017) in support of increasing the availability of quality reproductive health services, contraceptives, condoms and maternal health medicines through the strengthening of national capacity and systems, including the in-country supply chain. The programme benefits 46 mainly low-income countries. The Programme has demonstrated its capacity to deliver results, and is a key partner in major global initiatives addressing reproductive and maternal health.

Education

The EU remains actively engaged on the Board of the Global Partnership for Education (GPE). The GPE supports basic education in the poorest countries and those furthest away from global education goals, with a focus on ensuring equity of access (reaching the marginalised) and improving learning outcomes. The Commission is a major donor to the GPE with a pledge of EUR 375 million to the Fund

(GPGC and EDF Intra-ACP programmes combines) under the current programming period (2014-2020). The Commission also coordinated EU and donor positions, and contributed to the design of the GPE's new Financing and Funding Framework (FFF), which broadens and diversifies the GPE's funding base. Its board membership gives a significant voice to the EU in the international debate on educational policy as well as providing a platform to support progress in aid and development effectiveness and country ownership.

The Global Partnership for Education reported that 64 million more children were in primary school in 2014 in GPE partner countries compared to 2002. Primary school completion rate was 73 % in GPE partner countries in 2014 compared to 63 % in 2002. Improvement in primary completion rates for girls was even greater: up from 56 % to 71 % in GPE countries; 36 countries out of the total of 65 GPE countries have achieved gender parity in primary school completion or have more girls completing primary school than boys.

The EU maintains a special focus on education in emergencies and crisis situations. A global programme of EUR 21 million was prepared for a launch in 2017, with the main objective to support education needs in protracted crisis situations, focussing on improving quality of education in safe learning environments and building the global evidence base for effective interventions. The EU remained proactively engaged in the global platform Education Cannot Wait (ECW) which supports education in crisis and conflict affected countries, pledged EUR five million to the Fund and supported its operationalisation.

One of the challenges on the way to achieving quality education for all children worldwide is the lack of qualified teachers. The EU continued its support to the Teacher Task Force, the primary forum and international alliance of stakeholders to address teacher issues, such as teacher shortage and professional development.

Culture

A new programme aimed at promoting intercultural dialogue, cultural diversity and respect for equal dignity was adopted (EUR 9.7 million) and will be implemented from 2017.

The EU remained actively involved in the governance of the United Nations Educational, Scientific and Cultural Organisation (UNESCO) Convention for the protection and promotion of the diversity of cultural expressions that aims to create the conditions for cultures to flourish, to create mutual understanding between peoples for peaceful relations and to enhance the culture and creative industries contribution to socio-economic development.

Under the Partnership Instrument, activities which created spaces for intercultural dialogue and reinforced people-to-people contacts among the EU and key partner countries with the view to building trust and mutual understanding continued in 2016. The activities were designed in line with the objectives of the Joint Communication 'Towards an EU strategy for international cultural relations', following the recommendations of the 'European Parliament Preparatory Actions on Culture in External Relations'¹²⁶ and within the framework of the EU's efforts in the broader field of Public Diplomacy. Activities included the organisation of the annual Global Cultural Leadership Programme, bringing together young cultural leaders from Europe and the 10 EU Strategic Partner Countries.

Promotion of child well-being

Children are first to bear the brunt of new challenges and stresses on global public goods. The EU continues to promote the rights of the child, so that boys and girls are protected against all forms of violence, abuse and neglect affecting them. New guidelines for the promotion and protection of the rights of the child¹²⁷ were negotiated in 2016 and finally adopted in February 2017. Aligning with the 2030 Agenda they seek to promote and respect equally all the rights of children, focusing especially

¹²⁶ https://ec.europa.eu/culture/initiatives/external-relations_en

¹²⁷ https://eeas.europa.eu/headquarters/headquarters-homepage_en/22017/Guidelines%20on%20the%20Promotion%20and%20Protection%20of%20the%20Rights%20of%20the%20Child

on the most marginalised in an effort to “leave no child behind”. They propose a systems-strengthening approach to child protection, through the mobilisation of all the appropriate measures, structures and resources (legislation and policies, budget allocation, service provision, coordinating and monitoring bodies, data collection, awareness-raising and training) that should be put in place for the comprehensive fulfilment of children’s rights.

In respect with the child rights Guidelines principles and Agenda 2030 priorities, four programmes have been concluded with the United Nations agencies by the end of 2016 to contribute to children’s well-being. A EUR four million regional project in Africa (Burkina-Faso, Cameroon, Uganda and Zambia) was approved with UNICEF for the strengthening of birth registration systems in order to ensure children’s access to an identity. The EU continues to champion the fight against harmful practices, through joining both UNFPA-UNICEF joint programme Phase II for the abandonment of Female Genital Mutilation (EUR six million) covering 17 countries, and the UNICEF-UNFPA global programme to accelerate action to end child marriage (EUR six million) covering 12 countries. Finally, the EU concluded a EUR two million agreement with UNFPA for an innovative regional programme in Asia and the Caucasus on addressing gender-biased sex selection (boy’s preference). All those programmes require long term investment in order to make an impact over one generation and change social norms. First progress reports will be available by the end of 2017.

Employment, Decent Work, Vocational Education and Training and Social Protection

In these areas, in 2016, Commission Services continued providing support to Delegations.

In the area of inequalities, which are subject to a specific SDG (SDG10), the Commission prepared a specific action, the objective of which is to enhance the knowledge and understanding of economic and social inequalities, their drivers and underlying factors at different spatial levels, as well as the most effective policies and approaches to address and reduce them. As an underlying objective, the action intends to initiate a common reflection with Member States on ways to strengthen the contribution of EU development cooperation to the fight against inequalities, in the framework of the implementation of the 2030 Agenda, and contributing to the EU development policy overarching objective of poverty eradication.

Given that the rise of global value chains and their complexity comes with increasing political and public awareness and expectations, in the EU and abroad, on how to ensure their sustainable management, and given that this question relates to the EU’s fundamental values, which are at the heart of all the EU’s internal and external policies, including development cooperation, the Commission Services prepared a specific EUR 19 million action to promote responsible value chains in the garment sector with a focus on Decent Work and Transparency/Traceability. This action is part of the larger Commission strategy supporting social inclusion and decent work in partner countries along global value chains, as confirmed by the recent Council Conclusions on Responsible Global Value Chains of 12 May 2016. This action will focus on the Garment Sector as a first step for showcasing initial results in a sector with strong media exposure and consumer awareness, which allows for significant leverage. Therefore, the EU engagement around labour conditions in the garment sector can be used as an important sector-specific pilot to establish a more insightful approach on the EU strategy in the area of responsible business conduct and promotion of decent work in global value chains.

More specifically, this action will contribute to broader work by the Commission on responsible value chains in the garment sector, concerning both environmental and labour conditions and human rights, where development cooperation has a strong role to play. This proposed action will contribute to promoting Decent Work in the sector, covering the whole garment value chain, including its downstream segments with vulnerable and poor workers. Given the increasing demand for knowing, proving and communicating on how and where clothes are made, a focus will also be on transparency and traceability, i.e. improving companies’ responsible value chain management, and capacity building with suppliers in producing countries to better respond to these market requirements.

In the area of VET, a specific EUR 15 million action was prepared to promote Inclusive, Demand-Driven VET and Skills Development. Employment is a key factor for development and inclusive growth, connecting economic opportunities and poverty reduction. Absence of local employment opportunities is a key driver of migration. With the private sector creating 90 % of jobs in developing countries, closer links between Vocational Education and Training (VET) and formal and informal business are critical to enhance employment.

Yet often the linkage between VET and labour markets is weak with insufficient trust and dialogue between public and private stakeholders, contributing to skills mismatches between supply and demand. Other factors stopping VET boosting the employability of its beneficiaries include system weaknesses as a result of limited evidence-based policy making and often scattered responsibilities at country level. Furthermore, women and disadvantaged groups, including from the poorest quintile, are challenged to increase their chances of a decent job by unequal access to VET.

In line with EU policy, notably the Agenda for Change, the European Agenda on Migration and the SDG4 (Ensure inclusive and quality education for all and promote lifelong learning) and SDG8 (Promote inclusive and sustainable economic growth, employment and decent work for all) the overall objective of the action is to improve the effectiveness of VET reforms so that they are more demand-driven and responsive to labour market needs and provide increased access to (self/ waged-) employment, including for women and disadvantaged groups.

This is being pursued by providing partner countries with know-how, tools and advice in order to improve the labour market responsiveness of VET reforms, strategies and action plans, in particular the ones supported by the EU (both the Commission and Member States), thereby also enabling the orientation towards the inclusion of women and disadvantaged groups.

In the area of social inclusion, a specific EUR six million action to promoting indigenous peoples' human development and social inclusion in the context of the implementation of the 2030 Agenda for Sustainable Development was prepared. Indigenous peoples' particular situation and development concerns were largely absent in the formulation, implementation and performance monitoring of the Millennium Development Goals. The 2030 Agenda for Sustainable Development marks a fundamental change in the international development paradigm with its inter-linkage of sustainability, economic and social development. Under the slogan of 'Leave no one behind' it explicitly seeks to promote equity between different population groups, and end discrimination. In this regard, it is highly compatible with international human rights standards, and offers a strong potential to promote indigenous peoples' rights and development needs, as enshrined in the UN Declaration on the Rights of Indigenous Peoples and in ILO Convention No. 169 (Indigenous and Tribal Peoples' Convention). This project therefore seeks to contribute to the human development and social inclusion of indigenous peoples in the context of the implementation of the 2030 Agenda for Sustainable Development. The specific objectives are to promote indigenous peoples' human development needs and aspirations, as reflected in the UNDRIP and in ILO Convention No. 169, and to facilitate indigenous communities' access to social services and social protection, in accordance with their own values and development aspirations, through locally defined pilot initiatives.

4.1.2. Civil society organisations and local authorities

Building on EU political commitments to support civil society organisations (CSOs) and local authorities (LAs), the CSO-LA Thematic Programme adopted in July 2014 aims to strengthen these actors in partner countries and, when their actions relate to Development Education and Awareness-Raising (DEAR) of European citizens, in the EU itself.

The thematic strategy as described in the Multiannual Indicative Programme covers the period 2014-2020. The total allocation for the programme is EUR 1.9 billion. An envelope of EUR 970 million was earmarked for 2014-2017 to support three priorities: a focus on country level activities enhancing partner contributions to governance and development processes; reinforcing regional and global CSO networks and associations of LA; and developing and supporting DEAR initiatives.

Activities conceived and implemented by CSOs and LAs in partner countries represent around 75 % of the budget. These initiatives are managed primarily by EU Delegations and, when appropriate, by Commission Services.

Civil Society Organisations

In 2016, 52 countries benefitted from country allocations for a total of EUR 151.8 million. Country-level initiatives support CSO contributions towards reinforced governance, accountability and inclusive policy-making.

Moreover, the EU remains committed to strengthening civil society engagement as development actors and contributors to policy-making at global and regional levels. In 2016, 24 global and regional networks of CSOs signed a Framework Partnership Agreement (FPA) with the Commission to create long term common strategic objectives supporting CSOs as pivotal actors of governance for the successful implementation of the SDGs.

To translate its political commitment into concrete dynamics embedded in field realities and synergies, the EU decided to develop Country Roadmaps for engagement with civil society. At the end of 2016, 103 Roadmaps have been completed. CSOs played a key role in their elaboration and final documents were endorsed by EU Member States present in the respective countries. Many Delegations have been using the Roadmaps as entry points to reach out to a broader range of stakeholders and to have a more strategic engagement and dialogue. The roadmaps are also instrumental in strengthening EU collaboration and coordination with Member States and other international players, as well as to give visibility to the work carried out by the EU.

The Policy Forum on Development, the multi-stakeholders dialogue platform established and supported by the European Commission to foster debate on European development policies and global agendas conducted three successful meetings in 2016: a global meeting in Brussels, and two regional meetings in La Antigua (Guatemala) and Dakar (Senegal). An important outcome of these fora was the agreement of joint CSO/LA conclusions and recommendations which have been communicated broadly. In 2016, four national studies on the implementation of the 2030 Agenda at country level were carried out and a paper¹²⁸ bringing together the main conclusions was published.

Local Authorities

In 2016, 35 countries benefitted from a country allocation for a total amount of EUR 56.6 million. Country-level initiatives support LA and national associations of LA valuing their contributions towards reinforced local governance, accountability of sub-national governments and inclusive policy-making at the local level, in accordance with the principle of subsidiarity.

In addition, the programme focused on the empowerment of Associations of LA at regional (including in the EU) and global levels to strengthen their structure and capacities, in order to reach a legitimate and effective coordination role, to provide their members with adequate services as well as to effectively represent the needs of local communities in institutional dialogues.

Development Education and Awareness-Raising

The purpose of the DEAR programme is to strengthen global/development education in EU Member States and potential Member States, particularly where it is not well known, by promoting dialogue, networking strategies, capacity building and exchange of good education practices in the field of global/development education.

In 2016, a call for proposals was launched. The call will co-finance projects amounting to a total of EUR 92.95 million. Specific measures were taken to allow smaller organisations to submit projects and to reach out to new organisations which had not yet participated in previous calls.

¹²⁸ <https://europa.eu/capacity4dev/policy-forum-development/documents>

4.1.3. Migration, forced displacement and asylum

Supporting partner countries and host communities to better address the challenges – and opportunities – of migration and forced displacement is an integral part of EU development policy and cooperation. In 2016, the EU stepped up efforts to concretely deliver on its commitments in this area, mobilising all available geographic and thematic instruments and tools based on an increasingly coordinated and coherent approach.

In 2016 EU development cooperation played an important role in contributing to the overall EU efforts to address migration, in full respect of development objectives and principles. In particular three aspects were focussed on: addressing the drivers and root causes of irregular migration and forced displacement; enhancing partners' capacities for improved management of migration and forced displacement management; and maximising the development impact of migration.

The EU Emergency Trust Fund (EUTF) for Africa played a significant role in implementing the EU commitments enshrined in both the Valletta Declaration and the Partnership Framework, and has allowed the EU to reinforce the link between political commitments and technical support to partner countries in areas of common interest.

In the course of 2016 the EU and EU Member States have made additional financial resources available to the EUTF for Africa, and at the end of December 2016 the budget allocation to the EUTF for Africa stood at approximately EUR 2.5 billion.

In just over a year since its launch, a total of 106 projects worth EUR 1 589 million were approved under the three windows of the EUTF, covering the Sahel/Lake Chad, the Horn of Africa and the North of Africa regions. Of the total amount approved, at the end of December 2016 approximately EUR 600 million had been contracted to implementing partners.

Activities funded under the EUTF for Africa in 2016 are implemented through a range of operating partners including EU Member States cooperation agencies, NGOs and international organisations. Priorities of the EUTF for Africa have been identified through a dialogue with African partners and relevant local, national and regional stakeholders.

A specific results framework for the EUTF for Africa was developed in 2016, as well as a dedicated IT monitoring platform, enabling effective tracking of progress, including at the level of project indicators. Two Research and Evidence Facilities have been established, to produce sound analyses and research on the drivers and dynamics of the root causes of instability, insecurity, irregular migration and forced displacement. A number of communication activities were implemented in 2016 aimed at increasing the transparency and visibility of the EUTF for Africa.

In 2016, the EU Regional Trust Fund in Response to the Syrian Crisis continued delivering on EU commitments to support refugees and host communities across the region. Since it was established, and up to the beginning of April 2017, the EU Trust Fund had allocated EUR 282 million to support education needs in the region (EUR 232.7 million for primary education and EUR 49.3 million for higher education).

The programmes aim to reach refugees, including children and young people who have fled the war in Syria to take refuge in the region (in Jordan, Lebanon, Turkey, Egypt and Iraq). Children, youth and adults in host communities will also benefit. The services provided to the refugees and host communities include access to quality education, water, sanitation and hygiene (WASH), civic opportunities and protective services. Furthermore, the EUTF for Syria is helping improve access to quality higher education, distributing scholarships to vulnerable and internally-displaced students in Syria, Syrian refugees and vulnerable host communities in the region.

Following its establishment in November 2015, the Facility for Refugees in Turkey became operational on 17 February 2016. Since then, the Commission has moved rapidly to contract the first projects under the Facility. Contributions to this Facility are made up of EUR one billion from the EU budget, and EUR two billion in additional funding from the Member States. Of the EUR one billion

from the EU budget, EUR 250 million was mobilised in 2016. Member States paid the first annual tranche in 2016 for a total amount of EUR 678 million, out of which EUR 575 million or some 85 % has been disbursed. By the beginning of 2017, 39 projects had been contracted for a total of EUR 1.5 billion, or half the Facility envelope. Out of the total contracted, EUR 750 million had been disbursed, which is testimony to the swift and efficient implementation of the Facility.

The EUR 1.6 billion mobilised under the non-humanitarian strand of the Facility has been almost entirely allocated. EUR 944 million has been contracted and EUR 339 million has been disbursed. The breakdown of allocations per priority area is as follows: education 42 %; health 28 %; municipal infrastructure 15 %; socio-economic development 9 %; and migration management 6 %.

In order to pool resources optimally and with a view to resort to the best suited tools to deliver on EU commitments related to migration, part of the funds allocated under the annual action programme of the Global Public Goods and Challenges (GPGC) thematic programme in the areas of Migration and Asylum, funded under the Development Cooperation Instrument (DCI), were transferred to the EU Trust Fund for Africa (EUR 25 million) and to the EU Regional Trust Fund in Response to the Syrian Crisis (EUR 20 million). In 2016, EUR 12 million of the annual programme was also committed to strengthen the Silk Routes Partnership for Migration, which aims to support the EU dialogue and cooperation with countries in Asia.

Under the thematic programme, a set of global, regional and multi-country actions aiming to mainstream migration into EU international cooperation and development policy, contribute to improve the recruitment framework of labour migration at global level, support the implementation of the Rabat process between countries of origin, transit and destination along the Western African migratory route, and facilitate voluntary return and sustainable reintegration, *inter alia*, have also been contracted with partner organisations for a total amount of EUR 41.6 million.

4.1.4. Environment and sustainable management of natural resources including energy

Environment and Climate Change are at the heart of the 2030 Agenda for Sustainable Development and the new European Consensus. In line with the new agenda, the EU used its two main external financing instruments, the DCI and EDF, to support the efforts of partner countries and regions to preserve healthy ecosystems, promote environmental sustainability and land degradation neutrality, support the transition to a green economy and address climate change.

In 2016, the EU significantly enhanced efforts to mainstream environment and climate change in EU cooperation: new guidelines¹²⁹ were adopted and climate and biodiversity-related financing were systematically tracked using Rio markers.

As regards climate action, the priority was set on integrating the outcomes of the COP21 climate conference and the Paris Agreement into the EU development agenda, in particular regarding support to the design and implementation of Nationally Determined Contributions (NDCs) submitted by partner countries ahead of the COP21.

¹²⁹ https://ec.europa.eu/europeaid/integrating-environment-and-climate-change-eu-international-cooperation-and-development-towards-0_en

Case study - Ethiopia: a social protection programme building climate-resilient communities

The EU support to Ethiopia's Productive Safety Net Programme (PSNP) is an example of successful integration of environmental and climate change concerns into EU action to reduce vulnerability enhance resilience and prevent distressed mobility. It has contributed to improving food security and resilience through regular transfers to vulnerable households combined with land restoration and reforestation, becoming probably Africa's largest climate-resilient programme.

Higher and more climate resilient crop production has been achieved by reducing soil erosion and sediment losses by 50 % and promoting water conservation.

Credits: European Commission

The EU's Global Climate Change Alliance (GCCA+) continues to be the centrepiece of the EU's support to partner countries. Seven new country actions were designed which brings the total of GCCA+ actions to 51 since 2008. On the mitigation front, the EU approved an important international initiative focussing on emissions reduction in urban planning and development. The project URBAN-LEDS II is the second phase of a successful initiative supporting cities to develop and implement Low-Emission Development Strategies.

Continued support was provided to international climate governance as well, in particular to the involvement of developing countries in the international negotiations on climate change and to modelling capacities.

On the green economy, EU actions focused on the promotion of Sustainable Consumption and Production practices, in line with 2030 Agenda which includes a SDG dedicated to this issue. In 2016, new financial allocations were attributed under the DCI to support the EU SWITCH to Green initiative¹³⁰, which supports the transition to the green economy in partner countries, building on the SWITCH regional programmes in Asia, the Mediterranean and Africa. At the same time, sound chemicals and waste management strategies are considered fundamental elements of a successful transition from a 'brown' to a 'green' economy.

The implementation of the EU Biodiversity for Life (B4Life) flagship and of the EU Action Plan against Wildlife Trafficking¹³¹ is on-track with several important programmes launched in 2016, namely the contribution to a specific fund for saving endangered species and a series of projects related to the conservation and the sustainable use of coastal ecosystems in the Greater Caribbean region.

The nexus wildlife-security is now at the centre of new programmes and political initiatives. However, it will be a challenge to maintain conservation and economic development activities in areas where security is hampered by armed groups smuggling natural resources. The European External Action Service is supporting political initiatives in Central Africa, where protected areas supported by the EU play a major role in stabilisation and economic development over large areas.

Furthermore, the EU launched a set of strategic studies based on landscape approaches integrating environmental and socio-economic aspects and providing guidance to EU delegations for the programming of actions in the field of Biodiversity conservation for Development. The first study 'Larger than elephants'¹³² covering Sub-Saharan Africa has been widely publicised in 2016; other studies covering Asia, Latin America as well as maritime and coastal areas of Africa will follow in 2017.

¹³⁰ <http://www.switchtogreen.eu/?p=128>

¹³¹ COM(2016) 87 final, 26.2.2016

¹³² https://ec.europa.eu/europeaid/sites/devco/files/eu-wildlife-strategy-africa-synthesis-2015_en_0.pdf

Case Study – Minimising the Illegal Killing of Elephants and other Endangered Species (MIKES)

Minimising the Illegal Killing of Elephants and other Endangered Species (MIKES) aims to generate reliable and impartial data on the status and threats to elephants and other key endangered species (such as great apes and rhinos in Africa; marine turtles in the Caribbean and Pacific), help improve law enforcement to combat wildlife poaching and trafficking, and establish an emergency response system for sudden increases in illegal killing and trade. The programme is implemented by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) secretariat.

Credits: APN Michael Lorentz

As part of the global objective of ensuring sustainable forest management and reducing deforestation (SDG15), 2016 has seen some critical steps in the implementation of the EU Action Plan on Forest Law Enforcement, Governance and Trade (FLEGT). An external evaluation of FLEGT was completed and Council conclusions adopted. They reaffirmed the relevance of the FLEGT action plan, while calling for prioritisation of efforts and resources to tackle illegal logging and, more broadly, the drivers of deforestation and forest degradation. In 2016 the first FLEGT licences were issued in Indonesia having put in place all the measures to certify the legality of its timber exports. Voluntary Partnership Agreement (VPA) negotiations were also concluded with a seventh country, Vietnam.

Beyond illegal logging, other drivers of deforestation are being addressed, notably in the context of implementation of the Paris Agreement on climate change, with on-going programmes focussing on reducing emissions from deforestation and forest degradation (REDD+). In particular, the capacities of countries to participate in REDD+ continued to be strengthened and 'early-mover' countries were supported in testing emission reduction programmes at sub-national level. Important results were also achieved in addressing the challenges of land governance aspects of REDD+ learning from the FLEGT experience, such as on clarifying legal frameworks on land allocation, and promoting independent monitoring by civil society as well as more inclusive consultation processes.

In 2016, Commission Services launched a new Green Development Newsletter¹³³ reaching more than 2 700 subscribers and more than 4 500 followers on Facebook and Twitter.

4.1.5. Food and Nutrition Security and Sustainable Agriculture

Food and nutrition security are long-term challenges requiring sustained policy attention and investments. They are key themes of the 2030 Sustainable Development Agenda and of the New Consensus for Development which recognises the need to set up comprehensive strategies and support partner countries' efforts to reach economic, environmental, social and nutritional goals while ensuring the long-term sustainability of the food systems. These key priorities of EU development cooperation are realised both through bilateral cooperation and through the thematic programme addressing global public goods and challenges (GPGC) and EU policy responses associated with hunger, under-nutrition and sustainable agriculture.

50 partner countries decided to invest in Agriculture as the engine for their growth and following the Addis Ababa Action Agenda on Financing for Development it has been recognised that donor and public funds are only one aspect, and far greater private sector investment will be required. Innovative financing mechanisms are equally emphasised by the new proposed Consensus, and in 2016 under the GPGC EUR 69 million were assigned to blending for agriculture in order to encourage the private sector from partner countries, the EU and beyond, to engage in responsible investment. Agriculture value chains are also key in fostering private sector engagement and in 2016 GPGC funding (EUR 37 million) was used for the promotion of inclusive and sustainable value chains in Brazil, Burkina Faso, Ecuador, Ethiopia, Honduras and Vietnam. Finally, reflecting the strong emphasis placed on

¹³³ <https://europa.eu/capacity4dev/public-environment-climate/minisite/9-newsletter>

sustainability in the SDGs, a tool for monitoring sustainability in value chain support has been developed via a consortium of agricultural development research and knowledge centres (Agrinatura).

Case study - Value chain analysis for development (VCA4D)

VCA4D was set up to develop sustainable and inclusive agricultural value chains (VCs) which benefit the poor. It intends to provide evidence-based data and indicators to inform decision makers and help partner countries develop inclusive and sustainable value chains. Its methodology includes a functional analysis of the value chain dynamics, responds to four questions: what is the contribution of the VC to sustainable economic growth? Is this growth inclusive? Is the VC socially sustainable? and Is the VC environmentally sustainable?. The scheme enables impact to be tracked over the time.

Both geographic and thematic programmes contribute to the EU's ambitious under-nutrition targets by supporting partner countries in reducing stunting by seven million children by 2025 and mobilising EUR 3.5 billion for nutrition interventions in the period 2014-2020. In 2016, the EU nearly doubled its annual investments for nutrition interventions to EUR 790.1 million indicating that the EU is on track to reach also its commitment on mobilising financial resources for nutrition by 2020. The EU works closely with Member States on nutrition, for example in Laos where the EU Joint Programming foresees EUR 92.2 million (with EUR 75 million contributed by the EU) for the nutrition sector. A good example of impact on the ground is the WINS programme in Pakistan.

Case study - Women and Infant Nutrition in Sindh (WINS)

WINS operates in four rural districts of Sindh in Pakistan where two out of every three children under five are stunted. Through strong technical expertise and strategic partnerships across international and local agencies, WINS has reached approximately 300 000 children under five and 500 000 pregnant and breast-feeding women. WINS has served as a practical demonstration of the multi-sectoral approach required to effectively tackle undernutrition and above all WINS marked a clear shift from humanitarian response to a more sustainable approach involving advocacy for policy change, system strengthening and the development of **local** capacities to deliver essential services to those most in need.

The Pro-Resilience Action (PRO-ACT) was instrumental in 2016 for promoting the Global Network Against Food Crises. All the main Food Security stakeholders cooperate in this action, to increase coordination and impact of food crises analyses and responses including the EU development, humanitarian and research agencies, EU Member State development and humanitarian offices, USAID, Rome-based agencies, UNICEF, regional organisations, and CSOs. As a consequence of this action and methodology, 2016 saw the EU set up a Global Response to the El Niño phenomena, in the form of a joint Humanitarian-Development response of EUR 550 million, of which GPGC funding (EUR 70 million) supported the responses in Bolivia, Central America, Horn of Africa, Sahel and Lake Chad, Central African Republic, DPR Korea, Yemen and Syria. These interventions focussed on restoration of livelihoods and protection of productive assets, supporting rehabilitation initiatives, reducing child malnutrition, and accelerating reforms such as access to land, resilience planning or fiscal reforms.

In addition, in response to the food/nutrition challenge, the EU and AU launched in 2016 a co-funded and co-owned Research and Innovation Partnership on Food and Nutrition Security and Sustainable Agriculture, with a focus on sustainable intensification, food systems for nutrition and agricultural trade and markets. This Partnership is implemented through Horizon 2020, the Pan-African Programme together with EU and AU country contributions (EUR 70 million for 2016-2017).

4.1.6. Sustainable Energy

The crucial role of sustainable energy in development has been recognised in the 2030 Agenda for Sustainable Development and is captured through SDG7: ensure access to affordable, reliable, sustainable and modern energy for all by 2030. In the context of the climate negotiations, sustainable energy commitments were key to finalising and ratifying the Paris Agreement and the related Nationally Determined Contributions (NDCs).

For the EU, sustainable energy and its transformative potential are at the core of the new European Consensus on Development, which sets two closely linked priorities: increasing access to sustainable and affordable energy and tackling climate change. Development cooperation policies in sustainable energy are fully coherent with the the EU Energy and Climate Framework , which they complement in the global effort to achieve the SDG7 and contribute to the SDG13 on Climate Action.

Under the energy pillar of the Global Public Goods and Challenges thematic programme, key efforts in strengthening the EU energy cooperation with Africa have been the support to and participation in the Africa-led Africa Renewable Energy Initiative (AREI) launched at COP21 as well as the ongoing dialogue in the framework of the Africa-EU Energy Partnership (AEEP). The EU objective is to contribute to the AREI in its ambition to achieve five GW of renewable energy generation capacity and bring access to sustainable energy to 30 million people in Africa while saving 11 million tons of CO2 emissions per year by 2020.

Furthermore, the coordination with the EU Member States has been intensified through the EU Energy Initiative (EUEI) and strategic alliances have been strengthened with international organisations and key bilateral partners such as G20, G7, SE4All, USAID Power Africa, as well as with the International Financing Institutions (IFIs), in particular in the framework of the upcoming European External Investment Plan.

As regards concrete energy-related achievements under the Global Public Goods and Challenges programme in 2016, they can be categorised as follows:

Efforts to improve the regulatory and business framework, to create an enabling environment for increased investments

The EU made available to partner countries a Technical Assistance Facility (TAF) of approximately EUR 50 million in the period 2014-2020 to support improving their energy sector governance and establish an enabling environment for private sector investments. The TAF has been deployed in more than 50 countries worldwide on assignments ranging from supporting National Regulatory Authorities to reviewing electricity tariffs and providing long-term support to Energy Agencies and structuring of project pipelines.

Case study - Agadez: electrification project using solar hybridisation

The Technical Assistance Facility for energy (TAF) was used as the most appropriate tool to rapidly advance action in a case of solar hybridisation of the electrical supply to the city of Agadez in Niger. Agadez has suffered from a totally unreliable supply of electricity due to an increased demand related to transient migration flows amongst other factors. Following a specific request from the Niger authorities in October 2016, the TAF was deployed so that by February 2017 a technical and environmental study was submitted for a comprehensive electrification project using solar hybridisation. This allowed the French development agency AFD to submit a proposal for blending financing to the EU as early as March 2017 and have the project approved in April 2017 so that tendering can advance.

Continued support to unlock, accelerate and leverage sustainable energy investments, including from the private sector

The EU Electrification Financing Initiative (ElectriFI), an innovative mechanism to unlock, accelerate, and leverage investments that can increase and improve access to affordable, sustainable, and modern energy in partner countries with a special focus on Africa, started in 2016. ElectriFI enables private sector and development financiers to participate in the investment opportunities that developing countries have to offer, while decreasing their exposure to the risks associated with these markets and business environments. The first call for project proposals under ElectriFI in 2016 generated 290 applications requesting EUR 800 million of financial support to leverage a total investment of EUR 8.5 billion for installing 3.7 GW of new renewable energy generation capacity in 55 countries. The first projects supported under ElectriFI were presented at COP22.

As a deliverable to the December 2016 Clean Energy for All package, the Commission has also scaled up investment in energy efficiency, particular in residential buildings. This is carried out in close co-operation with the IFIs and with a policy dialogue with authorities in four pilot countries in the EU's neighbourhood¹³⁴. The aim is not only to increase European and IFI funding, but to create an environment in the countries chosen that is conducive to improved uptake of their own investments in demand management. The pilot phase will be expanded throughout 2017.

Strengthen the role, mandate and capacities of local authorities

The EU launched the Covenant of Mayors in Sub-Saharan Africa (SSA) initiative at COP 21 as a tool to assist African cities to deal with the challenge of a bottom-up transition to a global low-carbon and climate resilient economy and society. A Covenant of Mayor Office for SSA was set up in Accra, Ghana. Seven grant contracts were signed in 2016 with the 'early-mover' cities¹³⁵ that were successful in the Call for Proposals as the first concrete action to support capacity building and energy efficiency activities at the local level. The Covenant of Mayors in Sub-Saharan Africa is now one of the Regional Covenants belonging to the Global Covenant of Mayors for Climate and Energy, a global initiative established in 2016, which also includes Cities in the EU's Southern Mediterranean Region, funded with the ENI instrument.

Another initiative in support for African cities is the Cities and Climate in Africa (CICLIA). The initiative, jointly funded by the EU, *Agence Française de Développement* (AFD) and the Swiss State Secretariat for Economic Affairs (SECO) started in 2016. CICLIA aims to take over urban climate strategies, validated and appropriated by local actors, and turn them into investments with climate co-benefits ready for implementation.

4.2. Partnership Instrument

The Partnership Instrument (PI) has now gathered full implementation speed. There is growing evidence of the instrument being effective in delivering results which support the achievement of the EU's external policy objectives. Created in 2014 to advance and promote EU and mutual interests abroad, the PI supports the external dimension of EU policies through short-, medium- and long-term actions. It addresses major global challenges as well as specific aspects of the EU's economic diplomacy, at the bilateral and multilateral level. Accordingly, the PI operates on eight main strands of action: climate/energy action and urbanisation; sustainable environment/water diplomacy; responsible business and decent work; digital single market; migration management and mobility; transport/civil aviation; Free Trade agreements/market access/raw materials; and public and cultural diplomacy.

In 2016, PI actions for a budget of EUR 107.6 million were adopted. These actions will enable and facilitate strategic policy dialogues and information exchange activities with third countries including Strategic Partners, thereby extending the reach and depth of EU foreign policy.

PI Objective: EU and partner countries have developed joint approaches and responses to challenges of global concern

¹³⁴ Tunisia, Georgia, Ukraine, Serbia

¹³⁵ Dakar, Nouakchott, Lubumbashi, Kampala, Tsevié, Communauté de Zou, Bouaké

In 2016, PI actions enhanced the ability of the EU to influence and engage internationally on issues of global concern. Activities have underpinned the growing recognition of the EU's key role on climate change, environment and water while also advancing cooperation on justice and security.

Case study - Support to the Clean Ganga initiative and preparation for wider EU-India cooperation on water issues

India's water challenges are complex. The EU and its Member States have a significant interest in the water sector in India in terms of policy exchange and in developing business opportunities. The PI has been implementing an action which seeks to facilitate the involvement of the EU and its Member States in India's Clean Ganga initiative and to provide a concrete example of how the EU-India dialogue is underpinned by technical cooperation and business opportunities. To date, its major result has been the signing of a joint declaration on the India-EU Water Partnership (IEWP) during the 13th EU-India summit (March 2016). The declaration paved the way for a partnership in the water sector which will allow for replication of EU policies and best practices and facilitate market access for EU companies.

PI Objective: Partner countries take up measures and actions towards the implementation of the international dimension of the EU 2020 strategy

In 2016, the PI anticipated, enabled and concretely supported policy dialogue and cooperation with a wide range of partners creating an enabling dynamic for the realisation of the international dimension of the Europe 2020 strategy as well as for the strengthening of the EU's political relationship with partners.

Case study - EU-China Dialogue on Migration and Mobility Support Project (MMP)

This PI action promotes EU-China mutual interests by jointly addressing migration. It was designed in support of the EU-China High Level Dialogue (HLD) on Migration and Mobility and aims to contribute to better management of mobility and legal migration between the EU and China, as well as to reduce irregular migratory flows stemming from China.

China is an important country of origin of migration to the EU and is fast becoming an important country of destination for migrants itself, which provides a basis for EU-China exchange and dialogue. The project has made a significant contribution to the EU's engagement with China. EU interest lies in the support it provides to the HLD where EU values can be articulated. A key achievement in 2016 was the initial opening of dialogue on practical cooperation on return and readmission.

PI Objective: Understanding and visibility of the Union and its role on the world scene is enhanced and widened

In 2016, PI public diplomacy actions allowed for the EU to engage with a broad range of stakeholders in key partner countries in order to build trust and mutual understanding. There is evidence that the actions contributed to enhancing knowledge and understanding of the EU.

Case study - EU-Australia Leadership Forum (EUALF)

The EU-Australia Leadership Forum (EUALF) is a tool of engagement to raise the profile and the importance of EU-Australia relations across Government as well as broader society. Ultimately, EUALF's objective is to deepen and broaden the partnership between the EU and Australia.

This action was officially launched by the EU HRVP and the Foreign Minister of Australia in September 2016. Preparations are underway for the inaugural EU-Australia Leaders Forum which will take place in Sydney in June 2017. This forum will bring together European and Australian leaders providing inputs and ideas to deepen and diversify the relationship.

PI Objective: Improved fulfilment of EU's economic interests (trade, investment and business)

In 2016, the PI strengthened engagement between the EU and economic stakeholders with a view to opening up market access and ensuring a level playing field for EU companies.

Case study - Low Carbon Business Action in Brazil and Mexico - Phase I

The EU is committed to combat climate change and stimulates action by countries such as Brazil and Mexico who have the potential and interest to make the shift towards a low-carbon economy. The EU has also a lead role in low carbon technologies and promotes the internationalisation of EU companies. The Low Carbon Business action in Brazil and Mexico launched in August 2015 offers the opportunity to combine these EU policy objectives.

In Brazil, up to 230 companies participated in project matchmaking missions. In total, 366 Business Cooperation Partnership Agreements were signed.

In Mexico, 186 European SMEs registered on the project platform, while 75 companies and 14 clusters from the EU and 150 SMEs from Mexico participated in business to business meetings. 37 Cooperation Partnership Agreements were signed. Phase II of this successful project is currently under preparation.

4.3. Democracy and Human Rights

The EU provides assistance for the promotion and protection of democracy and human rights worldwide through the European Instrument for Democracy and Human Rights (EIDHR), which is complementary to its other external assistance instruments and channelled mainly through civil society organisations. It was established to contribute to achieving the Union's policies relating to human rights and democracy, including the objectives outlined in the 2012 Strategic Framework on Human Rights and Democracy¹³⁶ and its Action Plan for 2015-2019.

The EIDHR represents a key added-value to the EU policy toolbox, thanks to its flexibility, its ability to provide assistance independently of the consent of governments and public authorities of the third countries concerned, as well as its mixing of advocacy and field operations. Its interventions are being implemented under the EIDHR Multi-annual Indicative Programme 2014-2017 and its consecutive annual and bi-annual actions plans, and fit within:

- the Human Rights and Democracy Country Strategies elaborated by EU Delegations, which give useful orientations for the implementation of the EIDHR assistance at country level;
- the various EU Guidelines on human rights;
- the 'Tool-Box: a Rights-Based Approach, encompassing all Human Rights for EU development cooperation' and its related Conclusions adopted by the Council on 19 May 2014;
- the coordination and consultation mechanisms taking place with major stakeholders (such as the Office of the High Commissioner for Human Rights (OHCHR) and other UN family organisations, and CSOs active in the area of human rights and their networks).

In 2016, the EIDHR has continued building on its added-value, creating synergies and complementarity where geographical instruments could not act. The EIDHR allows for unique actions not covered by other instruments, such as in cases of serious human rights violations or urgent need for protection, thematic advocacy such as democracy support, fundamental freedoms, or the fight against discrimination, torture or the death penalty. In difficult contexts, the EIDHR helps weakened or shattered civil society and media survive, thereby opening the door to dialogue and change. It focuses on outreach to disenfranchised civil society organisations. While limited in financial scope, its flexible

¹³⁶ Joint Communication 'Human Rights and democracy at the heart of EU external action – Towards a more effective approach' of 12 December 2011 (COM(2011)886) adopted by the Council on 25 June 2012 (11855/12)

tools have worked very well and are essential. They have been strengthened in the revision of the instrument for 2014-2020.

In 2016, the EIDHR has focussed on:

- supporting, more than ever, individual human rights defenders in emergency situations under the EIDHR emergency fund and the newly created EU human rights defenders mechanism ProtectDefenders.eu;
- addressing in a flexible and reactive way under the EIDHR Human Rights Crises Facility countries and urgent situations where human rights and fundamental freedoms are most at risk and where disrespect for those rights and freedoms is particularly pronounced and systematic;
- launching a Global Call for proposals focusing on five key human rights issues: support to women Human Rights Defenders and/or Human Rights Defenders working for women's and girls' rights where they are the most at risk, support to civil society actions fighting against torture and other cruel, inhuman or degrading treatment or punishment, support to the implementation of the UN Guiding Principles on Business and Human Rights, support to the rights of persons belonging to minorities and persons affected by caste-based discriminations, and support to addressing impunity and to transitional justice;
- steadily supporting the OHCHR and the International Criminal Court;
- continuing the EU support to the Master of Human Rights and Democratisation as well as the launching of other targeted initiatives.

Financed under the EIDHR, EU Election Observation Missions in 2016 followed the objectives, principles and methodology of electoral observation on the basis of over two decades of operational experience to encourage professionalism and transparency in electoral management, discourage irregularities and abuse, and inspire public confidence in the electoral process. They contributed to the consolidation of democracies in partner countries by improving the reliability of electoral processes. Their methodology is based on a comprehensive and systematic observation of the electoral process including inter alia the conduct of public and private media as well as issues linked to campaign financing.

Case study - Improving conditions for asylum seekers in Israel to realise their rights

Israel is a destination country for thousands of African asylum seekers. An EIDHR project implemented by the African Refugee Development Centre and the Hebrew Immigrant Aid Society aims at safeguarding and promoting in Israel the human right to seek and enjoy asylum from persecution, as well as to strengthen the Refugee Status Determination process in line with international standards. It provided individual casework assistance to more than 2 100 asylum seekers, allowing them to initiate, when relevant, the process of applying for refugee status and to realise the existence of their rights during the procedure. The project also helped in the delivery of new visas, visa extensions, family reunifications abroad and better identification of vulnerable cases. A beneficiary of the project, Bsow Belula (33) from Sudan says: "I just want to continue my education. I don't want to be a welder all of my life. I want to live in a place where I can be free." The project was allocated an EU grant of EUR 190 000 and ended in June 2016.

In 2016, EU Missions observed elections in Gabon, Ghana, Jordan, Peru, Uganda and Zambia and developed cooperation with other international bodies undertaking election observation. Priorities were decided in the light of the calendar of elections, political developments and resources available.

A particular emphasis was placed on the role and impact of the EU Election Observation Missions' recommendations to ensure that issues raised are mainstreamed in the political dialogue with the country concerned in the framework of a continuous follow-up process. Election Follow-Up Missions were also deployed in Kenya, Madagascar and Pakistan with a view to assessing the implementation of recommendations made by previous EU Election Observation Missions.

In addition to Election Observation Missions, the Commission deployed nine Election Expert Missions in Benin, Burkina Faso, Chad, Comoros, Ghana, Haiti, Morocco, Niger and Somalia to assess electoral processes. The conclusions from these missions contributed to the shaping of the Union's political position on development in the country concerned. They also created significant inputs for the political dialogue of the Union with the authorities of the partner country. The EU-funded project of the Election Observation and Democracy Support contributed to building a reliable election observation capacity in Africa, Middle East and Asia and enhanced cooperation with other signatories of the Declaration of Principles for Election Observation and other partner election observation networks such as the Organisation for Security and Cooperation in Europe (OSCE), the Venice Commission, the African Union and the Arab Network for Democratic Elections. It contributed also to developing EU election observation methodology by drafting updated practical guidance on specific areas of assessment, such as voter registration, campaign finance, online election-related content, and new election technologies, etc.

In addition, EU electoral assistance activities that took place during 2016 were based on a strategic approach that favours long-term involvement and takes into consideration the full electoral cycle. Therefore, the focus was placed mainly on the support to the institutional capacity of Electoral Management Bodies and the long-term needs of civil society, rather than supporting ad hoc projects aimed at specific electoral events.

During 2016, the Commission provided electoral assistance support under the EIDHR in Armenia, Benin, Comoros, Gabon, Georgia, Jordan, Morocco, Philippines and Sierra Leone. Out of these nine projects, six of them supported domestic electoral observation activities, one was related to media and freedom of expression, another one provided civic education support, and one tackled public oversight.

4.4. Stability

4.4.1. Crisis response and preparedness

The Instrument contributing to Stability and Peace (IcSP) is a key external relations instrument, placed under the authority of the HRVP, primarily enabling the EU to react quickly with targeted actions in situations of existing or emerging crises. In 2016, a record amount of EUR 271.5 million was committed under the short-term crisis-response component (Article 3) and EUR 27 million for seven new actions under the structural conflict prevention, peace-building and crisis preparedness component (Article 4).

During 2016, the crisis response component remained at the heart of the EU diplomacy with 80 % of actions adopted in direct response to political priorities as discussed in the Foreign Affairs Council. In addition, three actions (Bosnia and Herzegovina, Central African Republic and Ukraine) directly complemented the work of CSDP missions, thereby contributing to the implementation of the EU Comprehensive Approach in response to conflicts and crises. IcSP crisis response measures also complement EU humanitarian assistance contributing to the Linking Relief, Reconstruction, and Development (LRRD) approach. Under the IcSP Regulation, the Commission reports to the European Parliament and Council on the rationale for each action, known as Exceptional Assistance Measures, and their complementarity with other EU instruments. In total, 39 new actions were adopted in 2016.

When defining and mobilising crisis response actions (that have a maximum duration of 18 months), the Commission Services work in close cooperation. Reflecting the EU's foreign policy priorities, the IcSP responded directly and in a timely manner to the migration and refugee crisis, through a variety of targeted actions including enhancing the capacity of the Turkish Coast Guard to carry out search and rescue operations to save lives and, in Libya, by assisting with the voluntary return of stranded migrants. These actions take place in the context of the European Agenda on Migration and the 2016 Communication on Forced Displacement.

Another central focus of activity in 2016 was counter-terrorism and the prevention of radicalisation, in line with the Council Conclusions on Counter-terrorism of February 2015. Actions were developed to respond to the terrorism and radicalisation threats in the Middle East (Jordan, Lebanon, Syria), Iraq, Turkey, North Africa (Tunisia, Libya), West Africa (Burkina Faso, Ivory Coast and Nigeria) as well as the Horn of Africa.

Responding to the consequences of the crises in Syria and in Ukraine remained a central preoccupation with the adoption of support envelopes of respectively EUR 38.5 and EUR 25.6 million which dealt *inter alia* with efforts to track and sustain peace negotiations and to deal with the real needs of conflict-affected populations. IcSP support of EUR 20.6 million to the Colombian Peace Process bolstered the EU presence in the negotiations including the role of the EU Special Envoy. This ability to quickly deliver on political commitments gave the EU unprecedented political access and credibility in the country.

Given the IcSP's focus on stabilisation actions in crisis contexts, the European Commission was closely involved in the ongoing discussions within EU institutions on how to address the current gap in the EU instrument toolbox related to supporting partner countries' military actors in providing the stability needed to enable development activities. A legislative proposal on Capacity Building in support of Security and Development (CBSD) was tabled in July 2016 to amend the IcSP Regulation with the view to inserting a new Article to extend the Union's assistance, under exceptional circumstances, to build the capacity of military actors in partner countries in order to contribute to sustainable development and the achievement of peaceful and inclusive societies.

In addition to the crisis response actions, the EU committed EUR 27 million for activities supporting conflict prevention, peace building and crisis preparedness within the framework of the IcSP's Peace-building Partnership. These activities continued to support EU efforts in peacebuilding in fragile and conflict affected countries and, in line with Council Conclusions on Conflict Prevention of July 2011, they contributed towards increasing emphasis on early action and strengthened capacity at community level to design operational and realistic options for preventive action. Measures included: continued investment in capacity-building of grass-root level civil society to engage in peace-building and conflict prevention actions across 30 conflict-affected countries; enhancement of a European-level dialogue between civil society and EU institutions on conflict prevention and peace-building; mediation support to peace processes; continued support for pre-deployment training for civilian crisis management and stabilisation missions worldwide; promotion of responsible sourcing of minerals originating from conflict-affected regions; provision of expertise to support security sector reform in conflict-affected countries and strengthening the capacities of regional organisations and national governments to draw up their own Post Disaster Needs Assessment and Recovery Preparedness Plans.

As in previous years, continued attention was devoted to developing policies and an associated toolbox which include the following areas:

Conflict prevention and peace building analysis: In the context of the EU Conflict Early Warning System (EWS - see below), a regional roundtable discussion on migration and countering violent extremism was organised in Brussels in June with representatives of the civil society in the Horn of Africa, while joint conflict analysis with the UN was carried out on the Central African Republic (CAR). This was followed by a Recovery and Peacebuilding Assessment (RPBA). The RPBA process served to support the CAR authorities to formulate their National Recovery and Peacebuilding Plan for 2017-2021, which was presented to the international community in November 2016 in Brussels.

Crisis Declaration: Commission Services have supported the establishment of a list of "fragile" countries" or "countries in crisis" that can benefit from specific procedural measures according to needs. The 2016 list included 36 countries and 18 Pacific Island Countries (also see Chapter 1.42 on Fragility).

EWS: The Joint Staff Working Document on the EU Conflict Early Warning System¹³⁷ was adopted in early 2016. On the basis of the lessons learned from the implementation of the EWS between 2012 and 2017, Commission Services suggested an amendment of the methodology which will be adopted in the course of 2017.

The overall support to Northern African countries through the EU Emergency Trust Fund for Africa amounted to EUR 154.5 million articulated through a number programmes adopted by the North of Africa Operational Committee in June 2016.

On 16 June 2016, a pipeline of three projects totalling EUR 27.5 million was adopted including the development pillar of the Regional Development and Protection Programme for the North of Africa. The other two will take place in Egypt and Libya, respectively.

On 16 December 2016, a pipeline of three programmes totalling EUR 37 million was adopted to address migration challenges in Libya, Tunisia and Morocco. In Libya, this new EU support will better protect and assist the most vulnerable migrants, such as persons rescued at sea and disembarked in Libya, and will help their host communities. In Tunisia this programme will tackle the root causes of migration by boosting the creation of economic opportunities. In Morocco an EU programme will support the fight against racism and xenophobia against migrants by strengthening their legal protection.

The EU Regional Trust Fund in Response to the Syrian Crisis was established in December 2014 to enable a coherent and integrated EU aid response to the crisis. The fund's initial geographical focus was on Syria's neighbouring countries: Jordan, Lebanon and Turkey. This scope was expanded to Iraq in 2015, and to the Western Balkans for non-EU countries affected by the refugee crisis.

At the end of 2016, the EU Regional Trust Fund in Response to the Syrian Crisis had mobilised EUR 932 million in signed contribution certificates, of which EUR 815 million was from the EU Budget, while the contributions from Member States amounted to EUR 92 million and EUR 24 million from Turkey. The majority of this funding, EUR 767 million, has already been allocated through 20 Action Documents to implemented projects via five Board meetings between May 2015 and December 2016. By the end of 2016, EUR 339 million had been contracted in 14 large programmes with an average duration of 24-48 months, of which EUR 321 million was allocated in 2016 alone.

Security-Development Nexus: With a view to enhancing the EU's effectiveness in supporting stability, security and sustainable development in partner countries, in July, the Commission Services adopted the Joint Communication 'Elements for an EU-wide strategic framework to support the Security Sector Reform (SSR)'¹³⁸.

In addition, the Commission Services adopted a Joint Framework on countering hybrid threats that brings together existing policies and key operational actions aimed at: raising awareness; building resilience by addressing potential critical sectors such as cybersecurity, and other critical infrastructures, and supporting efforts to counter violent extremism and radicalisation (CVE); preventing and responding to crises, and recovery by defining effective procedures to follow.

Implementation of the Comprehensive Approach 2016-2017 Action Plan. The action plan was presented to Member States in the Political and Security Committee in September and its implementation was continuously monitored with progress discussed and reported regularly to Member States.

4.4.2. Global and regional trans-border challenges

The primary aim of European Union thematic assistance under Article 5 of the Instrument contributing to Stability and Peace (IcSP) is to counter terrorism, combat organised crime and illicit trafficking, fight threats to critical infrastructure, address security risks of climate change, and mitigate risks related to

¹³⁷ SWD(2016) 3 final, 14.1.2016

¹³⁸ JOIN(2016) 31 final, 5.7.2016

chemical, biological, radiological and nuclear (CBRN) agents. A total of EUR 64.4 million was committed in 2016.

As regards article 5.1a (Fight against organised crime; Countering Terrorism; Protection of critical infrastructure, Security threats emanating from Climate Change), the IcSP contributes to the fundamental EU principles of democracy and respect for human rights, fundamental freedoms and rule of law.

Support in the Counter-Terrorism field continued, with numerous concrete, complementary actions, with regional, trans-regional and global dimensions. Progress in the area of Preventing and Countering Violent Extremism (P/CVE) in 2016 was particularly notable.

The final evaluation of the STRIVE Horn of Africa project found that STRIVE has contributed to learning in the area of Preventing and Countering Violent extremism. With the relatively modest financial and human resources available, the project has sought to test different approaches to P/CVE and in different contexts. The Report also found that STRIVE has contributed in a number of ways to increasing the EU's knowledge about CVE and radicalisation in the Horn of Africa region as well as thematically. This includes experience on designing, implementing and monitoring CVE programmes, as well as experience on cooperating with national authorities on sensitive topics.

As an important element of the EU Counter-Terrorism Strategy, a number of actions under the PREVENT strand were prepared, as well as the implementation of a global training activity on Countering Violent Extremism for EU staff in Delegations and EU embassies.

Meanwhile, in the Counter Terrorism (CT) area, the first phase of CAPRI (Counter Terrorism Associated Prosecution Reform Initiative) ended in 2016. CAPRI aimed to improve the ability of Pakistani agencies to successfully investigate, prosecute, convict and detain terrorists. Under CAPRI, greatly improved conviction rates in Anti-Terrorism Courts in Punjab and Khyber Pakhtunkhwa provinces were noted, as well as improved forensic techniques (such as a greater sensitivity of DNA techniques). Furthermore, 68 Anti-Terrorism Court Prosecutors and over 160 police officers were trained in CT fundamentals.

The final report of the evaluation of the Small Arms and Light Weapons (SALW) projects produced in early 2016, concluded that the projects were relevant, generally effective, and efficient, achieved significant elements of impact, and added substantial value to the fight against the illicit dissemination of SALW. The evaluation noted that the SALW projects are the largest and most comprehensive SALW programmes implemented worldwide in recent years. This highlights the central role played by the EU in supporting the worldwide implementation of international agreements on SALW.

A follow-up action to the Heroin Route Programme in tackling the issue of trafficking in human beings (THB) in countries along the heroin route (Albania, Azerbaijan, Bosnia and Herzegovina, Moldova, Turkey and Pakistan) was commenced.

Along the Cocaine Route, the implementation of projects including AIRCOP, CORMS, SEACOP, and GAFILAT continued¹³⁹.

Maritime security actions in the Indian Ocean continued. A new project to improve maritime security and safety in the Gulf of Guinea region (GOGIN) was signed and started activities in October 2016.

As regards CBRN risk mitigation activities under art. 5.1b, the EU CBRN regional Centres of Excellence (CoE) initiative reached a significant degree of maturity and consolidation in 2016. In 2015, two new secretariats had been opened in Tashkent (Central Asia) and Algiers (North Africa).

New major regional projects were launched based on a bottom-up approach with partner countries:

¹³⁹ <https://cocaineroute.eu/projects/>

- Establishment of Mobile Laboratories for Pathogens up to Risk Group four in combination with CBRN Capacity Building in sub-Saharan Africa (Ebola), continuing the support started in previous years;
- Chemical safety and security in the Central and Eastern African region;
- Improved regional management of outbreaks in the CBRN CoE partner countries of the African Atlantic Façade region;
- Strengthening national legal frameworks and provision of specialised training on bio-safety and bio-security in Central Asian countries;
- Provision of specialised CBRN equipment for first responders in South East Europe and Caucasus; and
- An EU outreach programme for dual use items in South-East Asia.

Actions in order to contain dual use knowledge have continued through dedicated support to the Science and Technology Centre (STCU) and the International Science and Technology Centre (ISTC). The restructuring of these two International Institutes continued in 2015: a milestone was reached with the signature of the ISTC's Continuation Agreement in Astana. ISTC becomes a flexible global instrument that can identify and implement projects at the nexus between research and security.

4.4.3. Actions under CSDP

The implementation of the priority areas identified by the EU Global Strategy focussed on resilience building and an integrated approach to conflict and crises, security and defence and strengthening the link between internal and external policies, with attention to migration, as well as to counter terrorism.

CSDP and crisis management – Missions and Operations

CSDP continues to provide valuable strategic impact of EU action. In the Western Balkans, the military operation EUFOR ALTHEA in Bosnia and Herzegovina, launched in 2004, continues to support the state's efforts to maintain a Safe and Secure Environment (SASE) and conducts capacity-building and training of the country's Armed Forces in order to contribute to stability. EULEX Kosovo, launched in 2008, focuses on assistance and support to the Kosovo authorities in relation to the rule of law, monitoring, mentoring and advising national authorities with regard to the police, judiciary and customs areas, while retaining executive responsibilities in specific areas of competence.

In the Eastern Neighbourhood, the European Union Monitoring Mission in Georgia (EUMM), also launched in 2008, provides civilian monitoring of parties' actions and situational analysis of the stabilisation process, centred on full compliance of the Six Point Agreement and subsequent implementing measures throughout Georgia, including South Ossetia and Abkhazia. The European Union Advisory Mission (EUAM) to Ukraine is a non-executive mission that began operations in 2014, and aims to assist the Ukrainian authorities in developing a sustainable reform of the civilian security sector through strategic advice and hands-on support. All such measures and activities are based on EU standards and international principles of good governance and human rights. Following a strategic review, mission activities have been strengthened to enhance impact.

In the Maghreb and the Mediterranean, efforts have been stepped up to build on the effect of the European Union military operation in the Southern Central Mediterranean (EUNAVFOR MED operation SOPHIA) with an enhanced mandate, going beyond disrupting the business model of human smuggling and trafficking networks in the Southern Central Mediterranean, including now supporting tasks including training of the Libyan Coast Guards and Navy, and contributing to the enforcement of the arms embargo on the high seas off the coast of Libya (on the basis of UN Security Council Resolution 2292). In addition, operational planning is well under way for a European Union Integrated Border Management Assistance Mission in Libya (EUBAM Libya) for enhanced support

and assistance to the Libyan institutions to re-establish a foothold in Tripoli, as soon as political and security conditions allow.

In the Middle East, the European Union Police Mission for the Palestinian Territories (EUPOL COPPS) continues to assist the Palestinian Authority in building the institutions of a future State of Palestine in the areas of policing and criminal justice and has been granted an extension to its current mandate for another year from July 2016, as has the European Union Border Assistance Mission for the Rafah Crossing Point (EUBAM RAFAH), currently located in Tel Aviv, with a standby operational capacity to provide a third-party presence at the Rafah Crossing Point as part of the 2005 Agreement on Movement and Access. The Mission forms part of the confidence-building measures between the Government of Israel and the Palestinian Authority.

In Africa CSDP operations and missions cover a broad range of activities and competencies; military operations exist on the seas off the Horn of Africa (Operation ATALANTA) countering piracy and on land with the Somalia Training Mission (EUTM Somalia), based in Mogadishu, developing the capacity of the Somali National Army. The European Union Mission in the Horn of Africa (EUCAP Somalia) is a civilian mission with a focus on contributing to Somali maritime civilian law-enforcement capacity to combat piracy and to tackle the usual set of coast guard functions, such as fisheries inspection / enforcement, search and rescue and countering smuggling on land and at sea. Stability in the Sahel region is enhanced through CSDP missions in Mali and Niger (EUCAP Sahel Mali, EUTM Mali, EUCAP Sahel Niger) in close cooperation with host governments. In the Central African Republic, the European Union CSDP Military Advisory Mission in the Central African Republic (EUMAM RCA), an advisory mission that was launched in the spring of 2015, has been replaced by the European Union CSDP Military Training Mission in the Central African Republic (EUTM RCA) on 16 July 2016, demonstrating the strong EU commitment to restoring peace and stability in the country.

4.5. Nuclear Safety

Central Asian states have inherited one billion tons of highly toxic chemical and radioactive residues in uranium legacy sites. Failure to contain this waste in a number of the legacy sites in the Kyrgyz Republic and Tajikistan could have severe cross-boundary impacts. Upon the European Commission's request, in June 2015 the EBRD established a multi-donor Environmental Remediation Fund that is crucial to avert the threat to human health and the environment, and will finance the environmental remediation of targeted uranium legacy sites. The European Union was the first donor to contribute to this fund (EUR 16.5 million in December 2015). The European Commission, together with the EBRD and the International Atomic Energy Agency, is working on the preparation of an international donors' conference to be held early 2018.

The Prydniprovskiy Chemical Plant (PCP) in Ukraine was, from 1947 to 1992, one of the largest enterprises for uranium production in the former Soviet Union. This enterprise processed uranium ores that had been mined in Ukraine, Central Asia and former East-European countries, such as the Czech Republic and Germany.

Following the end of uranium production at PCP during the period from 1992 to 2000, no planned or regulatory controlled decommissioning measures or clean-up of contaminated areas was performed. Some buildings and industrial facilities have been re-purposed for other industrial production as state property, whilst other facilities have passed to the private sector. Working closely with the Ukrainian Government, the European Commission oversees the implementation of EU support to the overall remediation programme for the site. The first phase of the support was successfully concluded in the November 2016, and several urgent measures to prevent the exposure of workers and citizens to radiological hazards have been launched and will be performed as soon as possible.

A major milestone to make the Chornobyl site environmentally safe again was met on 29 November 2016 by sliding the New Safe Confinement structure over the nuclear reactor that was destroyed in April 1986. The New Safe Confinement is a giant arch-shaped structure that covers the damaged

Chornobyl unit four in order to prevent any further radioactive release. The New Safe Confinement also contains the remotely operated equipment for ultimate removal of the damaged reactor and its radioactive material. This important milestone in the project was achieved thanks to the joint effort of the European Union, Ukraine, the European Bank for Reconstruction and Development, and the international community. The total project cost is in the order of EUR 1.5 billion, to which the EU contributed more than EUR 430 million (under the TACIS and INSC programmes). The project is scheduled for completion by the end of 2017 after more than 15 years of work.

During summer 2016, two short term expert missions were sent to Iran to support the Iranian Nuclear Regulatory Authority in the development of several legislative documents; both missions were successful and highly appreciated by our Iranian counterparts. A follow-up project has been agreed with Iran in compliance with the EU commitment to the implementation of the Joint Comprehensive Plan of Action and will be signed in the first quarter of 2017.

Successful engagement with Turkey was achieved in 2016 with an agreed project supporting capacity building for the nuclear regulatory authority in light of the decision to introduce nuclear into the national energy mix.

4.6. Humanitarian Assistance and Civil Protection

In 2016, humanitarian crises further increased in number, complexity and severity. There were over 50 armed conflicts, with little or no improvement in the most severe large-scale crises including those in Syria, Yemen, South Sudan and the Lake Chad region. Natural disasters, linked to global megatrends such as climate change, urbanisation and demographic pressures, created humanitarian needs for an estimated 26 million people. Overall, more than 95 million people in 40 countries were in need of humanitarian assistance in 2016, and almost 65 million people (half of them children) were forcibly displaced: more than ever before.

Against this dramatic background, the EU's humanitarian aid budget in 2016 was the highest ever, at EUR 2.1 billion, and 2016 also saw significant further development of the EU Civil Protection Mechanism.

A significant proportion of the EU's humanitarian budget in 2016 went on supporting refugees in the countries most directly affected by the crisis in Syria. In 2016, the Commission allocated EUR 380 million to humanitarian operations in Syria and neighbouring countries, in line with the pledges made at the London conference of February 2016. In 2016 the EU also put in place the Facility for Refugees in Turkey¹⁴⁰, to help respond to the needs of the three million refugees hosted by Turkey. The EUR 1.4 billion humanitarian element of this Facility for 2016 and 2017 is focused on supporting mainly out-of-camp refugees who make up the vast majority of refugees in Turkey, and are also the most vulnerable. To this end, the Commission, working through the World Food Programme and the Turkish Red Crescent, launched the EU's biggest-ever humanitarian project, the Emergency Social Safety Net (ESSN) that aims to provide monthly cash transfers to one million of the most vulnerable refugees via debit cards.

The Emergency Support Instrument provides support for exceptional disasters with severe humanitarian consequences within the EU. This instrument demonstrates a significant shift in the use of EU external assistance instruments and more flexibility in responding to crisis situations. For example, following the sudden influx of refugees in Europe in 2015, the European Commission could fund emergency humanitarian support for people in need within the EU territory. The Commission will release up to EUR 700 million for the period 2016 to 2018 to fund emergency support operations addressing the needs of refugees in Greece. This type of support is intended only for exceptional

¹⁴⁰ Commission Decision C(2015) 9500 of 24 November 2015 on the coordination of the actions of the Union and of the Member States through a coordination mechanism — the Refugee Facility for Turkey (OJ C 407, 8.12.2015, p. 8), as last amended by Commission Decision of 18 April 2017 on the Facility for Refugees in Turkey amending Commission Decision C(2015) 9500 of 24 November 2015.

disasters with severe humanitarian consequences taking place in the EU. Therefore, the provision of such assistance is decided collectively by Member States within the Council.

The EU also played a key role in providing assistance to the victims of other protracted conflicts. In Iraq, the Commission provided EUR 159 million in 2016 and was at the forefront of international advocacy efforts. In Ukraine, the EU was one of the largest humanitarian donors, providing food, shelter, health services and psychological support to the most vulnerable people suffering from the conflict in eastern Ukraine. In Somalia, together with EU Member States, the Commission provided nearly half of all humanitarian support, funding food and nutrition, health, protection, and resilience-building. In the Central African Republic, the EU remained an active major donor, providing short- and longer-term support to the victims of the conflict in the country itself and also to those who have fled to neighbouring countries.

The Commission also provided life-saving assistance and support for longer-term resilience to the victims of natural disasters worldwide. In response to the 2016 El Niño phenomenon, one of the worst on record, the Commission allocated EUR 298 million in emergency humanitarian assistance. The Commission provided funding to support the victims of tropical cyclone Winston in Fiji and drought in Papua New Guinea, as well as helping people affected by the earthquake that hit Ecuador in 2016 with both humanitarian aid and the mobilisation of European civil protection assistance.

The Commission also continued to put particular emphasis on supporting the victims of forgotten crises including continued support for Sahrawi refugees in Algeria, the victims of the conflict in North Mali, internally displaced people in Myanmar and Sudan, and refugees in Thailand.

The Commission contributed to developing the international policy framework for humanitarian aid – notably through active participation in the World Humanitarian Summit, which took place on 23-24 May in Istanbul. The EU made around 100 commitments, including a new policy on forced displacement; new guidelines on humanitarian protection; active engagement and signing up to the "Grand Bargain" with the aim of improving aid effectiveness and efficiency; funding for the Education Cannot Wait initiative¹⁴¹; and signing up to the Charter on the Inclusion Persons with Disabilities in Humanitarian Action¹⁴² and the Charter on Urban Crises¹⁴³.

The Commission formally adopted a new development-led policy approach to forced displacement, aiming to prevent forced displacement from becoming protracted and to gradually end dependence on humanitarian assistance in existing displacement situations. The focus of the new approach is on fostering self-reliance and enabling the displaced to live in dignity as contributors to their host societies, until voluntary return or resettlement.

In response to health-related emergencies, the EU published an urgent Horizon 2020 call in 2016 against the ZIKA virus thanks to cooperation among funders of preparedness research taking place within the Global Research Collaboration for Infectious Diseases Preparedness. This call allowed for exceptionally funding for Brazilian participants in projects, given the prevalence of the virus in that country, and in other CELAC countries. As a result, three projects on ZIKA have been funded, with an overall EC investment of about EUR 30 million.

Finally, the Union's Civil Protection Mechanism, through which Member States mobilise personnel and relief items to support each other and countries outside Europe in response to disasters, was activated 26 times to respond to a variety of disasters. The voluntary pool within the Mechanism, by which Member States can pre-commit assets that are then available for rapid deployment in disasters, saw significant further development: by the end of 2016, a total of 77 response capacities had been committed to the voluntary pool. Significantly, the Commission, with Member States, launched the

¹⁴¹ http://www.unicef.org.uk/Documents/Publication-pdfs/UnicefEducationCannotWaitBriefing_2016_s.pdf

¹⁴² http://www.cbm.org/article/downloads/54741/Charter_on_Inclusion_of_Persons_with_Disabilities_in_Humanitarian_Action.pdf

¹⁴³ <https://unhabitat.org/wp-content/uploads/2016/05/Global-Alliance-for-Urban-Crises-Charter-for-WHS-Final.pdf>

European Medical Corps in February 2016, as part of the voluntary pool, thus creating a specialised response capacity that can be quickly deployed in case of medical emergencies around the world.

4.7. Macro-financial Assistance

Macro-financial assistance (MFA) is an EU financial instrument designed to address exceptional external financing needs and restore macroeconomic and financial stability of countries that are geographically, economically and politically close to the EU. MFA complements an adjustment and reform programme agreed with the International Monetary Fund (IMF). It can take the form of either loans or grants, and is released in tranches strictly tied to the successful implementation of strong reform measures.

In 2016, the Commission made progress in the implementation of existing MFA operations in:

- Georgia (EUR 46 million, half in loans and half in grants): The first tranche (a EUR 13 million grant and a EUR 10 million loan) was disbursed in 2015. The last tranche is to be released in May 2017, following the approval of a new IMF programme.
- Kyrgyz Republic (EUR 30 million, half in loans and half in grants): The MFA operation was completed in 2016, with the disbursement of the second and last tranche: EUR five million in grants in February 2016 and EUR 10 million in loans in April 2016.
- Tunisia (EUR 300 million in loans): The first two tranches (EUR 100 million each) were disbursed in 2015. The last tranche is expected to be released in 2017, following the implementation by the Tunisia authorities of the agreed policy measures.
- Ukraine (EUR 1800 million in loans): The first tranche (EUR 600 million) was disbursed in 2015. The disbursement of the second tranche (EUR 600 million) was delayed to April 2017, due to slow progress on a number of agreed reform measures.

In addition, the continuing difficult political and economic situation in the EU neighbourhood triggered new requests for assistance. This resulted in the adoption of two follow-up operations in Tunisia and Jordan, respectively for EUR 500 and 200 million. For Tunisia, following approval by the co-legislators in July 2016, the first two tranches are expected to be disbursed in 2017. The MFA for Jordan was approved in December 2016 and is expected to be disbursed in the course of 2017.

5. MANAGING AID

5.1. Monitoring Systems

5.1.1 Evaluation: review of the work programme

The Commission's evaluation service manages strategic evaluations covering geographic, thematic, sector, instruments and budget support evaluations. Project and programme evaluations are managed by the operational services (EU Delegations and operational units) and inform strategic evaluations.

In 2016, the Commission Services finalised seven evaluations: Chad, Bangladesh, Burkina Faso, Sierra Leone, Central Asia, Research and Innovation, and the Transport sector in Africa. It also conducted two reviews of, respectively, 111 and 148 evaluations to evaluate the implementation of the Cotonou Partnership Agreement and the European Consensus on Development¹⁴⁴.

Evaluations launched by Commission Services in 2015 on Public Administration Reform, Economic Governance, Competitiveness, Social Protection in neighbourhood region (all contracted at the end of the year) plus the evaluation on Cross Border Cooperation in the Western Balkans were still under implementation at the end of 2016.

The following evaluations were launched by Commission Services on International Cooperation and Development in 2016: Regional West Africa, Regional Central Africa, Cambodia Budget Support, Central Africa Republic, Sustainable Energy Cooperation, Development Cooperation Instrument (DCI), European Instrument for Democracy and Human Rights (EIDHR), Instrument for Nuclear Safety Cooperation (INSC), Instrument contributing to Security and Peace (IcSP), Greenland Decision (GD), 11th EDF, and the Common Implementing Regulation (CIR) plus the two reviews mentioned above.

In addition, all planned evaluations were launched in 2016 including: IPA II and ENI Mid-term evaluations in the framework of the overall process of the Mid-Term Review of the External Financial Instruments, Sector Approaches, Security Sector Reforms, Azerbaijan, and an ex-post evaluation for Croatia.

Summary of evaluations

Republic of Chad Country Evaluation (2008-2014)

The EU's approach implemented in Chad has contributed to improving people's living conditions, in particular for the most vulnerable groups. EU interventions have increased the consideration of human rights and gender cross-cutting issues. However, more needs to be done by the EU to address the factors contributing to fragility.

Bangladesh Joint Country Evaluation EU, Denmark and Sweden (2007-2013).

The cooperation has successfully contributed to changes in the livelihoods of the poor and to a more inclusive, prosperous and gender-equal society. However key country governance indicators are still not improving. Stronger political action is necessary on the full range of human rights concerns through more tailor-made context solutions and greater selectivity with reinforced coordination and promotion of joint approaches.

Evaluation of Budget Support (BS) in Burkina Faso (2009-2014)

BS has contributed to macroeconomic stabilisation, strengthened priorities for social expenditure and increased access to services, but has had a limited impact on poverty reduction. In addition, the initial relevance of general budget support (GBS) has been eroded due to the deterioration of national governance. The evaluation recommends continuing budget support, reinforced by a process of high-

¹⁴⁴ All published evaluations can be found at https://ec.europa.eu/europeaid/node/80199_en

level dialogue between the Government and donors providing that support. Capacity development should also be a particular focus at all levels.

Evaluation of Budget Support to Sierra Leone (2002 – 2015)

Budget support helped stabilise post-war security situation and the financial situation during the 2014 Ebola/Iron Ore crisis. It enabled higher investment, thereby contributing to the expansion of the road network, the growth of school enrolments and increased exam pass rates, and to improvements in the utilisation of health services and in nutrition. However, budget support failed to address important public finance management issues. This means the fiduciary risks remain high and the sustainability of the benefits is uncertain.

Evaluation of the EU regional-level support to Central Asia (2007-2014)¹⁴⁵

EU regional strategic documents were generally relevant but didn't fully reflect the growing linkages between Central Asia and the rest of Asia and Eurasia and the implications of these for regional cooperation in Central Asia. EU regional programmes achieved tangible outcomes at national level. At regional level, EU support added value by contributing to enhanced dialogue between Central Asian countries, however with limited results.

Evaluation of EU support to the transport sector in Africa (2005-2013)

EU support to the transport sector in Africa has largely responded to expressed needs. Its outcomes on trade, economic and social development are estimated to be high. However, the sustainability of such support is under threat. Government commitments to maintenance are widely ignored resulting in premature deterioration of the infrastructure. The evaluation recommends supporting maintenance at national level and reviewing the 11th EDF strategy of disengagement from the transport sector.

Evaluation of EU support to Research & Innovation for development in Partner countries (2007-2013)

The Evaluation concludes that results were achieved, but scattered, as the consequence of lacking a strategic approach for Research and Innovation for development. In order to ensure impact and sustainability of results the evaluation suggests framing a strategy to include a clear division of labour between the relevant Commission Services.

Review of evaluations: Cotonou Partnership Agreement (CPA) (2000-2015)

The CPA has contributed to poverty reduction through macroeconomic stabilisation, improved public social expenditure, trade and transport, good governance and peace building policies funded largely through budget support. It has also contributed to the region's integration into the world economy by supporting trade growth, although diversification of the economies and competitive supply chains remain key challenges to ensure sustainable results.

Review of Evaluations: European Consensus on Development (2006-2016)

EU interventions have contributed to economic growth and poverty reduction, especially in ACP countries. However, sustainability of the results requires further inclusive growth, improved quality of institutional change, partner country ownership and involvement of non-state actors. In addition, the EU has contributed to establishing financial and political frameworks for climate change which have not yet been translated in partner country strategies.

5.1.2 Lessons learned

This section provides a summary of key emerging lessons from some of the evaluations of EU cooperation in partner countries finalised in 2016 by Commission Services. It is important to note that these evaluations cover essentially the period 2007-2014 and a longer period for the two reviews, and is before the new programming cycle and the revision of several EU policies.

¹⁴⁵ http://ec.europa.eu/europeaid/evaluation-eu-regional-level-support-central-asia-2007-2014_en

Geographical evaluations

EU interventions at country and regional level are relevant and well-aligned to national and EU development objectives. However, EU cooperation has not invested sufficiently in analysis of the context and its evolution and this deficit exposed EU cooperation to a lack of results at impact levels. The EU (and its Member States) should invest more in shared and in-depth understanding of partner countries political and socio-economic context, as well as awareness of local institutional capabilities.

EU support is generally strengthened when there is strong national local ownership based on long-standing dialogue. This should be reinforced through strong partnerships between the EU and the key partner actors (governments, non-state and decentralised actors) from project identification and throughout the implementation of the programmes in order to improve adaptation and mutual accountability.

EU cooperation needs the mechanisms to be able to adjust to changes on the ground more rapidly. This is particularly true for fragile states and/or rapidly changing political and socio-economic contexts. The EU leadership should be strengthened to define long-term arrangements for regional conflicts, as the majority of the interventions in fragile situations remain emergency-driven and do not address root causes.

The multiplicity of financing instruments and implementation tools that characterise EU development co-operation is a factor of flexibility and strategic diversification, but also a source of complexity and sometimes of inconsistencies which implies a need for strong coordination capacity at the level of the EU delegations. Coherence and complementarity between instruments, within bilateral and non-geographical instruments, and between bilateral and multi-country programmes, should be further encouraged. This will strengthen the capacity of actors and open pathways into new areas of co-operation.

Changes in sector policies and the implementation of new practices take time. Impact and sustainability are more likely to be achieved when there is continuity in the support, or the support is part of a larger process in synergy with support from other donors. The support provided with capacity building interventions could be more effective with better strategic guidance and better monitoring and evaluation process.

EU support to capacity and PFM has been modest at local level (with local government and Non State Actors) though it appears to be a key issue when complex governance systems need to be addressed. A mix of general and sector budget support is still relevant here.

Thematic Evaluations

The evaluation of the transport sector in Africa shows that any large-scale disengagement from a sector of cooperation needs to be done in strong consultation with sector stakeholders, and must carefully take into account principles of coordination and division of labour. Unilateral centralised decision-making on such issues is unlikely to generate good results.

When an intervention concerns several Commission Services, strong cooperation between them is needed to meet developing country demands and needs.

5.2. Aid delivery modalities

5.2.1 Budget support, Public finance management/Domestic Revenue Mobilisation

Budget Support is the modality that best complies with the objectives and principles of development effectiveness. The new European Consensus on Development also sends the message that coordinated work by the EU and its Member States on budget support is expected to improve macroeconomic and public financial management, and strengthen partnership, country ownership and mutual accountability based on shared principles, objectives and interests.

In 2016 significant results were recorded for example in the area of strengthening education and social protection policies (Paraguay); mobilisation of domestic revenues through improved tax policies (Burkina Faso) and growth of primary and secondary school enrolments, by 33 % and 157 % respectively, increased exam pass rates and gender parity achieved for primary education, alongside marked improvements in the utilisation of health services and in maternal mortality rates (Sierra Leone). In Albania, the gender gap between women and men in employment decreased from 14.7 % in 2014 to 11.5 % in the third quarter of 2016, and the youth employment rate increased from 28.2 % to 31.6 %. In Jordan budget support allowed schooling for Syrian refugee children by covering additional teaching hours, double shifts and school books.

A total of nearly EUR 3.2 billion was newly committed and over EUR 1.7 billion paid through Budget Support in 2016. Sector Reform Contracts remain the most used contracts (83 %), followed by State Building Contracts (9 %) and Good Governance and Development Contracts (4 %). The remaining four percent are still ongoing general budget support operations. State Building Contracts (SBCs) continue to be useful in stabilising post-conflict and fragile situations, with new SBCs initiated in Niger, Mali, Central African Republic, and Guinea. More than any other type of contracts, SBCs aim to support partner countries in ensuring vital state functions in delivering basic services to populations, thus contributing to addressing the causes of fragility and to promoting stability and state-building.

Strategic guidance is provided by to respective Commission Services by the Budget Support Steering Committee and Financial Assistance Steering Committee which are senior management committees, to ensure better risk management and improved advice. 135 decisions, of which 49 related to new Budget Support programmes and 74 related to disbursements in on-going programmes, were reviewed in 2016. The two committees also validated 96 Risk Management Frameworks, which form the basis for monitoring risks and guiding decisions. In addition, a written procedure was employed for 62 decisions mainly for countries with low risks.

Case study - Fight against corruption in the Good Governance and Development Contract (GGDC) in Benin (2016-2020)

This programme was designed on the basis of the recommendations of the Benin National Integrity Assessment System performed by Transparency International and carried out in full agreement and close association with the Government. As a result, the programme supports, within the same framework, Public Finance Management, justice and private sector to help improve Benin's integrity mechanisms.

Specific objectives of the GGDC are to contribute to a transparent public finance management, in particular in terms of resource mobilisation and expenditure management and to set up a credible system to fight corruption based on justice independence. The programme also aims to improve the business climate through the implementation of reforms in support of competitiveness and legal security of investments.

Internal quality, control and audit mechanisms ensure that budget support disbursements are carried out correctly and well. A continuous decrease in errors hit a low of zero errors detected in 2015 by the European Court of Auditors concerning budget support operations as handled by Commission Services.

Domestic revenue mobilisation, fiscal transparency and sound public financial management are closely interlinked and supported by a number of actions on national (including budget support), regional and global levels. The mutually supporting link between actions on these different levels is reinforced by the fact that this already well-established support is part of a long-term strategy.

The overall approach is clarified in the Staff Working Document 'Collect More – Spend Better'¹⁴⁶ and is organised along two axes, one to support international and regional partnerships and the second, larger one, to support to domestic public finance in the context of economic governance and budget support programmes at national level. At the end of 2016 a Strategic Partnership Agreement was signed with the IMF to foster further cooperation.

In 2016 support was continued to actions such as to the IMF's regional technical assistance centres for an amount of EUR 15 million in new commitment. These include support to the good management and transparency of revenue from extractive industries in partner countries for EUR 5.75 million; to the implementation of the fiscal assessment tool Tax Administration Diagnostic Assessment Tool (TADAT) with EUR two million and to various actions in the tax and revenue domain for a total of EUR 2.5 million. A EUR three million contribution to the World Bank-administered multi donor programme in the Western Balkans aims at improving public finance management.

The Commission continued support to the Public Expenditure and Financial Accountability (PEFA) programme and was lead partner in 23 assessments in 2016.

5.2.2 Using EU grants strategically via blending

Blending is an effective form of financing which combines EU grants or guarantees with loans or with equity from other public and private financiers and helps leveraging additional public and private resources for sustainable economic development. Since first introduced at the beginning of the Multiannual Financial Framework (MFF) 2007-2013, blending gradually evolved into an important tool of EU external cooperation, complementing other implementation modalities. EU regional blending facilities have been set up in all regions and other blending instruments such as the Global Energy Efficiency Renewable Energy Fund (GEEREF), thematic blending (e.g. ElectriFI) or the Green for Growth Fund (GGF) have been established, in support of the EU's climate change and global objectives.

From the creation of the first EU blending facilities in 2007, EUR 3.4 billion of EU grants have leveraged some EUR 26 billion of loans with a total investment volume in partner countries of around EUR 57 billion.¹⁴⁷

With the adoption of the Africa Investment Facility, in 2015, all the regions of the EU external relations have access to a wide-ranging blending instrument that is adapted to the regional EU priorities. Similarly, the thematic initiatives of ElectriFI and AgriFI in the sectors of energy and agriculture have been established in 2014 and 2015 respectively, generating significant other donor and private sector interest.

In 2016, a total of EUR 169 million of EU grants supported projects in the Neighbourhood with an expected investment volume of almost EUR 1.45 billion. Also in 2016, in the regions covered by the Directorate-General for International Cooperation and Development, a total of EUR 610 million of EU grants supported projects with an expected investment volume of almost EUR 5.7 billion. Total EU contributions of EUR 610 million are broken down as follows: the largest share is for Sub-Saharan Africa (56.6 %) followed by the thematic blending in the sectors of energy and agriculture (ElectriFI and AgriFI) (15.5 %), Latin America (11.9 %), Asia (9.5 %), Central Asia (4 %) and the Caribbean region (2.5 %).

In December 2012, the EU Platform for Blending in External Cooperation (EUBEC) was launched following a request by Council and Parliament to further increase the effectiveness of EU assistance delivered through blending by providing recommendations and guidance and taking due account of

¹⁴⁶ SWD(2015) 198 final, 15.10.2015

¹⁴⁷ More details on the results obtained by each regional investment facility can be retrieved on: by each regional investment facility can be retrieved on:

http://ec.europa.eu/europeaid/policies/innovative-financial-instruments-blending_en

the policy frameworks that govern EU relations with the different partner countries, notably EU Development, Neighbourhood and Enlargement policies. The Platform is led by a Policy Group which makes recommendations based on work carried out in Technical Groups. It is chaired by the Commission and involves representatives from Member States, the European Parliament (EP) and the EEAS. In the technical groups, the Commission works together with experts from EFIs and Member States.

EUBEC aims to provide guidance for the harmonisation of key principles regarding blending activities whilst allowing for differentiation by sectors and regions. It should focus on sectors where financial instruments can be most usefully deployed, within and across geographical regions, and help to strengthen the coherence of blending activities with EU policies.

In 2016, two specific Technical Groups (TGs) presented their conclusions, one focusing on the mobilisation of private sector resources and the other on the fight against climate change. A Technical Meeting on the Use of Blending to Tackle the Root Causes of Economic Migration was held in May 2016. The Policy Group in June 2016 presented the first basis of the External Investment Plan (EIP) following the Commission Communication on establishing a new Partnership Framework with third countries under the European Agenda on Migration.

5.2.3. European External Investment Plan

On 14 September 2016, the Commission put forward an ambitious External Investment Plan (EIP), including the creation of the European Fund for Sustainable Development (EFSD)¹⁴⁸. The EIP will support smart and sustainable investments in our partner countries in the European Neighbourhood and in Africa and develop more effective partnerships that go beyond classical development assistance by supporting innovative financing models implemented by partner financial institutions.

The EIP proposal is in line with the proposed European Consensus on Development, which intends to align the development policy of the EU and its Member States notably with the United Nations' 2030 SDG Agenda, the Addis Ababa Action Agenda on Development Finance and the Paris declaration on climate action. A key focus of EU External Policy is to achieve Sustainable Development Goals in Africa, where 18 million new jobs need to be created every year and where the EU will upscale its cooperation on key engines of sustainable development. Sustainable investment needs to play an essential role in boosting jobs and growth in developing countries, bringing in more stability and improving living conditions and thereby addressing the root causes of migration.

The investment needs in many key sectors in Africa and the Neighbourhood are immense, notably in the areas of energy, transport, social infrastructure, education, the digital agenda as well as in water and sanitation. Without specific support, private investments only go where conditions for profit are already in place, as the business community asks for a certain level of guarantees such as protection from financial, legal or security risks. Therefore, one of the key missions of the EIP will be to de-risk and encourage investments in areas or sectors where they otherwise would not go. The primary engine to make that happen is an integrated approach to boost investments with a focus on leveraging additional private and public resources for sustainable development. The proposed EIP will be founded on three pillars:

This will be complemented under pillar two by technical support to help local authorities and companies develop bankable projects and to improve the regulatory and policy environment in partner countries.

Pillar three will focus on improving the investment climate, by supporting structural reforms and good governance, through policy dialogue and cooperation. A close link with the other two pillars is essential to stimulate investments and create jobs. This will also include a web portal, as part of a one stop shop concept, which will provide a single-entry point for public and private stakeholders to

¹⁴⁸ COM(2016) 581 final, 14.9.2016

interact with the EIP and to exchange information and partnerships for investments in Africa and the Neighbourhood.

The proposed EFSD Regulation under the EIP reached a partial general approach in the Council on 13 December 2016. The December **European Council** welcomed the agreement reached in Council and called for swift adoption of the relevant legislation. The proposal is included in the Joint Declaration on the EU's legislative priorities for 2017.

5.3. Improving ways of working

5.3.1. Simplification of procedures

In 2016 the Commission continued with its actions on simplification of procedures in the field of international cooperation and development. That year, the main focus lay on eliminating obstacles, increasing flexibility and obtaining simplification in the Commission's relation with International Organisations and Member State Agencies implementing EU financed external actions:

Simplification of the agreement-template ('PAGoDA 2'):

Both the Commission and the above-mentioned Organisations have been facing a series of challenges in the implementation of the previous Pillar Assessed Grant or Delegation Agreement (PAGoDA) template. Some of the problematic issues relate to the identification of budget implementation tasks, the costs structure, the inadequate coverage of implementing partners and the overregulation in some specific contractual templates.

In order to tackle those specific contractual issues, a simplified version of the agreement-template has been adopted by the Commission: PAGoDA 2. The new template has simplified contract negotiation and implementation, avoiding additional derogations, interpretative conditions or comfort letters.

The following are the most relevant improvements in PAGoDA 2:

- General simplification of the contractual provisions (the new General Conditions are 10 pages shorter and several sets of Special Conditions have been merged);
- In terms of financial responsibility, the revised article in PAGoDA 2 has been substantially simplified. The Organisation shall not be obliged anymore to repay the Commission for funds unduly paid to, or incorrectly used by, Third Parties which the Organisation could not recover. In PAGoDA 2, as long as the Organisation has correctly followed its rules and procedures and applied the same level of duty and care it applies to its own funds, the unrecovered funds will not be due;
- A Delegation Agreement will be used as soon as the action involves Budget Implementation Tasks whatever their proportion and the same contractual conditions will apply to the whole action without the need to differentiate Budget Implementation Tasks from Directly Implemented Activities. This means that the grant element of PAGoDA 2 will be limited to cases where the Organisation implements the activities with its own staff (basically studies or technical assistance) and where it participates in a call for proposals. All provisions on co-beneficiaries, affiliated entities and financial support to third parties were therefore moved to a specific sub-annex, to be used only for calls for proposals;
- There is therefore no need to identify Budget Implementation Tasks;
- The provisions on cost eligibility for grant and delegation have been merged and drastically simplified, with a clear list of the costs that are not considered direct eligible costs. Those costs are no longer linked to where they are incurred, so the notion of a dedicated structure is no longer needed and disappears;

- While sub-delegation will remain possible, for all purposes, the Implementing Partners of the Organisation will be considered and treated as grant beneficiaries, so the notion of sub-delegation disappears from the template.
- Suspension of payments in general disappears, leaving only suspension of the time limit of one payment, and suspension of the agreement.
- The previous concepts of Field Offices and Dedicated Structures have been merged into one broader notion of Project Office.
- Within a Delegation Agreement, there is no need any more for the International Organisations to supply the Commission with an Audit Opinion. With PAGO DA 2, only the Management Declaration is necessary.

Review of Framework Administrative Agreements:

Following the adoption of the PAGO DA 2 template, also the Framework Administrative Agreements (FAA) between the Commission and some of its major partner Organisations have been reviewed in 2016. Each FAA contains a set of provisions which either derogate from or supplement PAGO DA 2, as well as a set of interpretative provisions which clarifies the content and scope of application of the General and Special Conditions of PAGO DA 2.

The signature of a FAA with an Organisation entails a significant simplification of the negotiation and conclusion of all the contracts to be signed with such an entity, since it avoids lengthy and complex *ad hoc* discussions on horizontal and institutional issues downstream at the moment of a concrete action, while it ensures consistency in accommodating the specificities of each main partner.

In 2016, FAA negotiations were conducted with the IMF (already signed), Member State Agencies (already signed), AfDB (ongoing), EBRD (ongoing) and IDB (ongoing).

5.4. Communication & transparency

5.4.1. Communication and visibility

The Special Eurobarometer on development, which was released in March 2016, showed an increase in the overall support of EU citizens for development cooperation by nearly four percentage points to 89 %. This can be partially attributed to the European Year for Development (EYD) 2015.

Building on the legacy of EYD2015, the Commission Services supported some 20 Member States in the organisation of a "World's Best News Day" event to continue to raise awareness of development. The Commission deepened its new approach to communicating on development in social media, through storytelling, co-curation of accounts, and a greater focus on young people and partnerships.

Enlargement and neighbourhood policies, for which visibility continued to be a priority, also used story-telling, a greater focus on young people and partnerships to improve communication. The "2016 Communication on EU enlargement policy" was published in November 2016. Videos and infographics were key products contributing to understanding how the enlargement process works.

In the neighbourhood, the Regional Communication Programme OPEN Neighbourhood complemented the work of Delegations. OPEN's polls on the image of the EU, tailor-made campaigns, for example targeting young people, communication actions and material all contributed to the EU's visibility in the neighbourhood. Training on communicating about the EU also supported improving the EU's visibility in the region.

The 10th anniversary edition of the European Development Days was held on 15-16 June 2016 in Brussels under the theme: "The Sustainable Development Goals in Action: Our World, our Dignity, our Future". Dubbed by President Juncker 'the Davos of Development', the event attracted a total of 6 370 participants, with very strong VIP participation and high media interest. Ten web streamed Kapusckinski development lectures were organised around the world, as well as a great number of

events at the External Cooperation Information Point in Brussels. Four study visits for business associations to the enlargement region and 60 partnership events on the enlargement process with academia and think tanks from the Member States were organised. Special attention was given to youth, with a youth conference in the margins of the Western Balkans Six Summit in Paris in July.

Other major events such as the donor conferences for Afghanistan (October) and the Central African Republic (November), yielded strong media interest and coverage. These were supplemented by three special press seminars and trips organised for journalists in 2016 (Myanmar, Senegal and Brussels) to allow journalists from EU Member States to gain first-hand experience of development. EU journalists were also invited to 14 press trips on neighbourhood and enlargement policies, which resulted in significant amounts of media coverage for EU support in these areas.

5.4.2. Transparency

The Commission has continued to improve the transparency and openness of aid through publishing timely, comprehensive and forward-looking data in line with the International Aid Transparency Initiative (IATI) standard and the OECD-DAC Creditor Reporting System and Forward Spending Survey. The Commission has remained an active member of IATI and increased the comprehensiveness of published data, which is free for anyone to use. The Commission has continued to advocate the benefits of IATI with Member States; its Transparency Portal 'EU Aid Explorer' visualises aid data from EU Institutions and Member States.