



An Introduction to EU Development Cooperation



Objective

To show you the overall picture of EU development cooperation and make you familiar with our vocabulary.

Physical Map of the World, April 2007



Course Contents

1. Why development aid?
2. EU development aid in figures
3. EU development cooperation: landmarks & structure
4. Delivering aid in practice
5. Policies and challenges



Why Development Cooperation?

What is the problem?

**What is the primary objective
of EU development policy?**

Poverty

- **1.2 billion** people still live in extreme poverty (on less than \$1.25 a day)
- **1½ million** mothers die each year in pregnancy or within 7 weeks of giving birth
- **22.5 million** people in Sub-Saharan Africa are infected with HIV and **1.3 million** people die from AIDS every year
- **870 million** people undernourished, including more than **100 million** undernourished and underweight children
- **57 million** children of primary school age were out of school

Eradicating poverty

Treaty of Lisbon (Chapter 1 – General Provisions of the Union's External Action, Article 10 A, par. 2 (d))

2. The Union shall define and pursue common policies and actions, and shall work for a high degree of cooperation in all fields of international relations, in order to:

(d) foster the sustainable economic, social and environmental development of developing countries, with the primary aim of **eradicating poverty**;

2000 Millennium Development Goals



Development Assistance Committee

Organisation for Economic Co-operation and Development has set up a number of specialised committees.

Development Assistance Committee (DAC) members:

- agreed to secure resources made available to developing countries and to improve their effectiveness.
- periodically review together both the amount and the nature of their contributions to aid programmes, bilateral and multilateral, and consult each other on all other relevant aspects of their development assistance policies
- ODA = Official Development Assistance

The Commission works very closely with the OECD to promote the aid effectiveness agenda and improve policy coherence for development.

DAC members

The members of the **Development Assistance Committee** are:

Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Iceland, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States and the European Commission.

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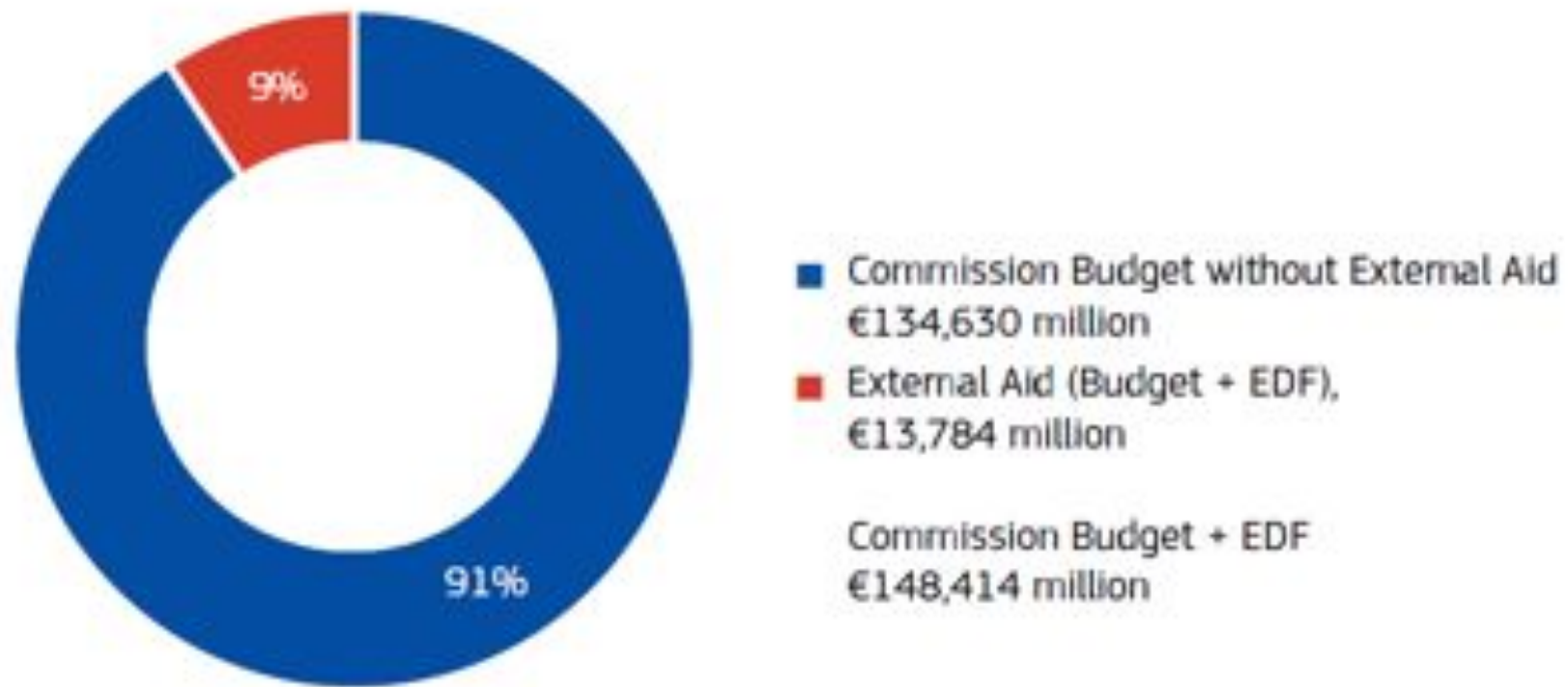
**EU Development
Cooperation in
Figures**

EU budget and external assistance

**What % of EU budget is committed
to EU external assistance?**

EU budget and external assistance

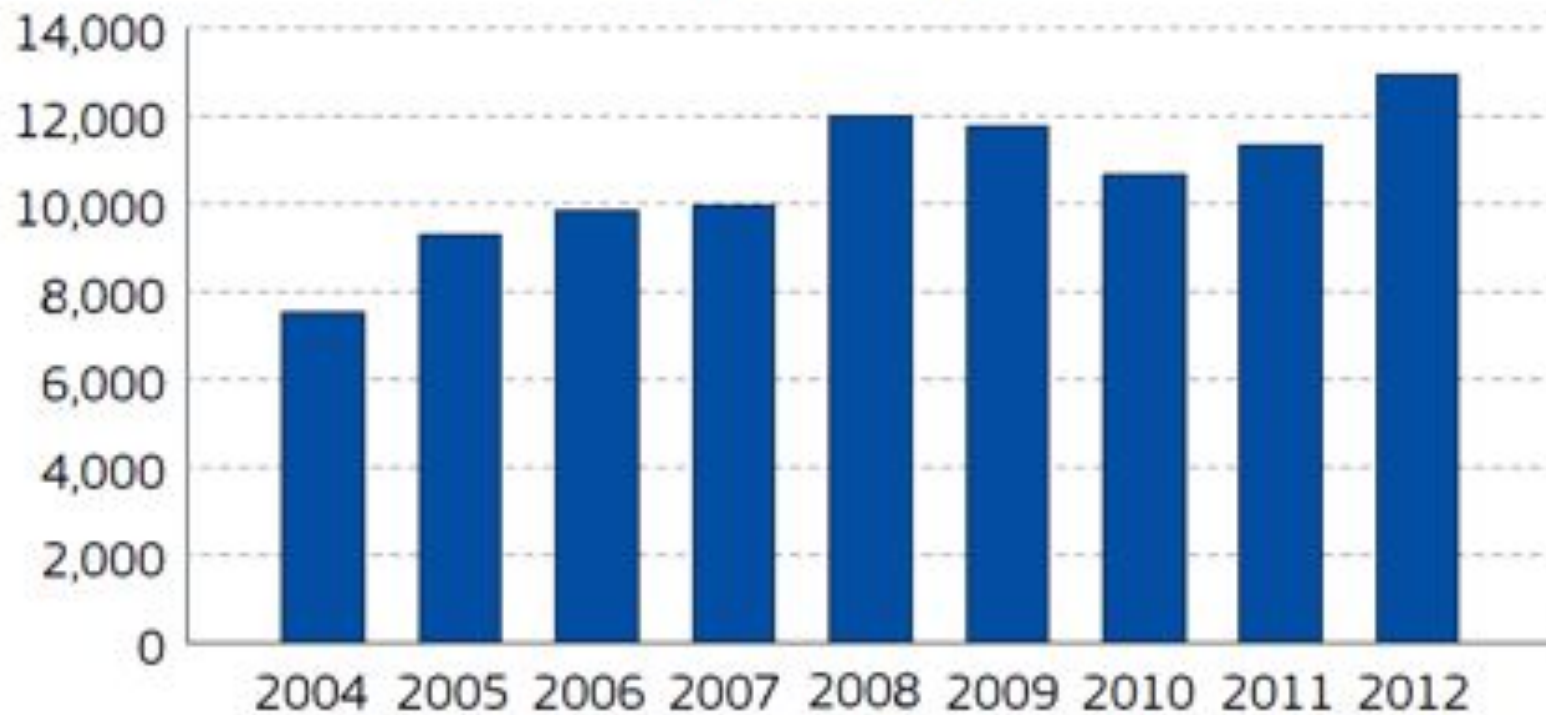
Percentage of EU budget committed to external assistance in 2012



EU budget and external assistance

Evolution of Official Development Assistance (ODA) 2004-2012

Commitments in € million

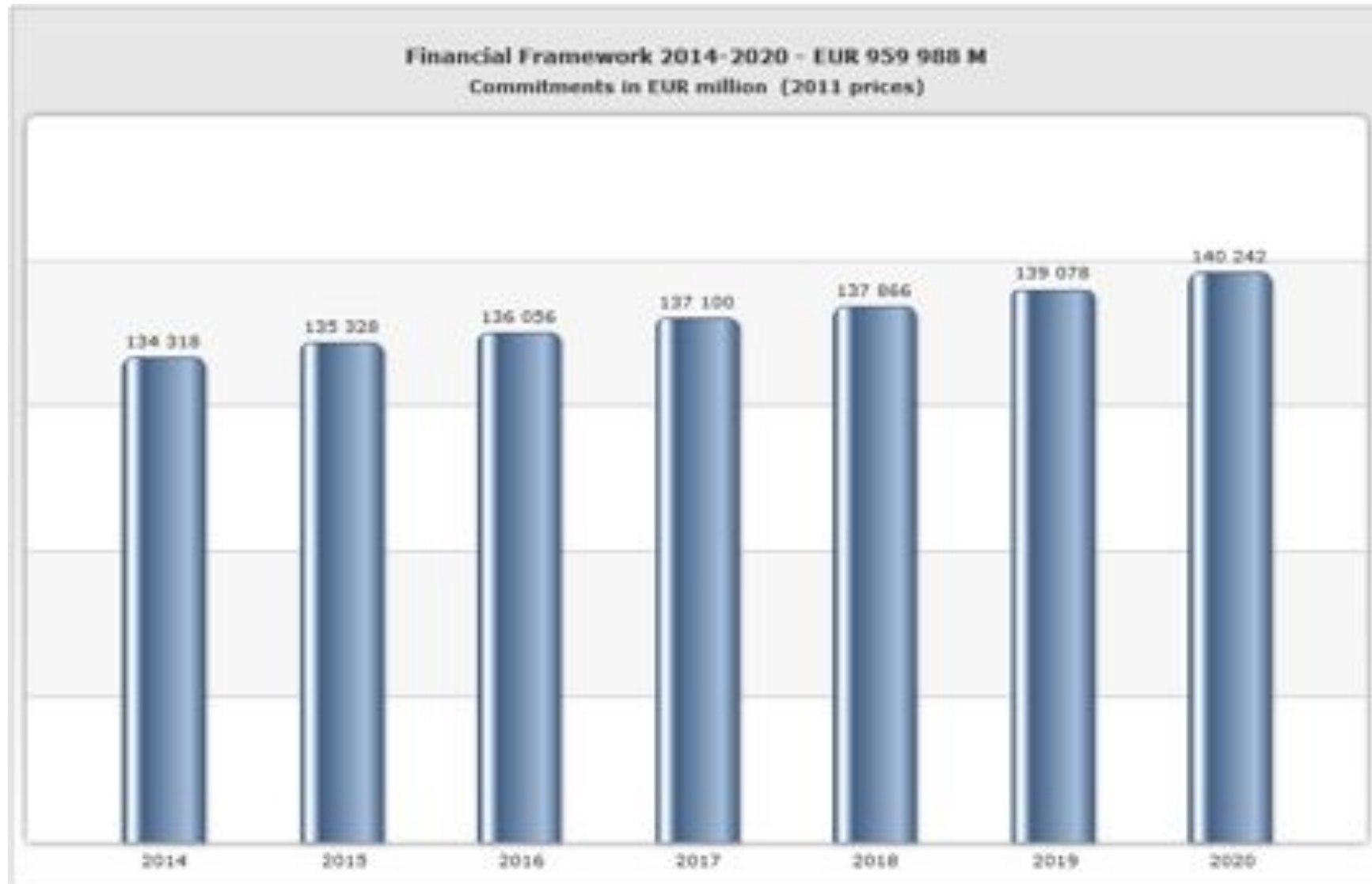


Bilateral and multilateral ODA flows

EU budget

What is MFF?

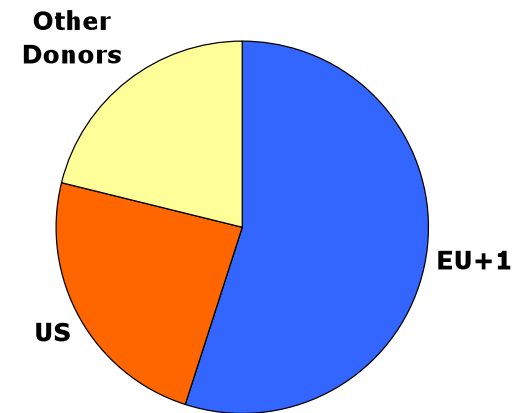
EU budget



EU the biggest donor in the world

EU: 28 Member States + European Commission

- EU 28 + 1 responsible for **65% of the world development aid** (in 2012 = USD 82.5 billion)
- USA responsible for 24% (in 2012: USD 30.5 billion)

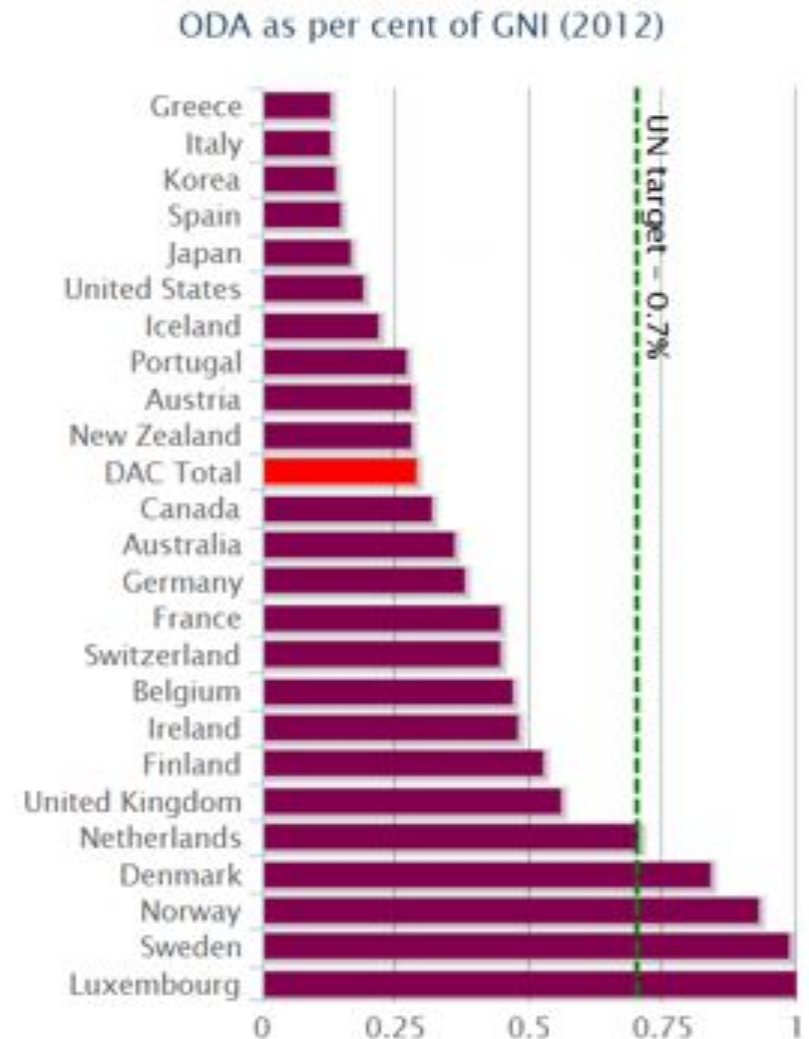
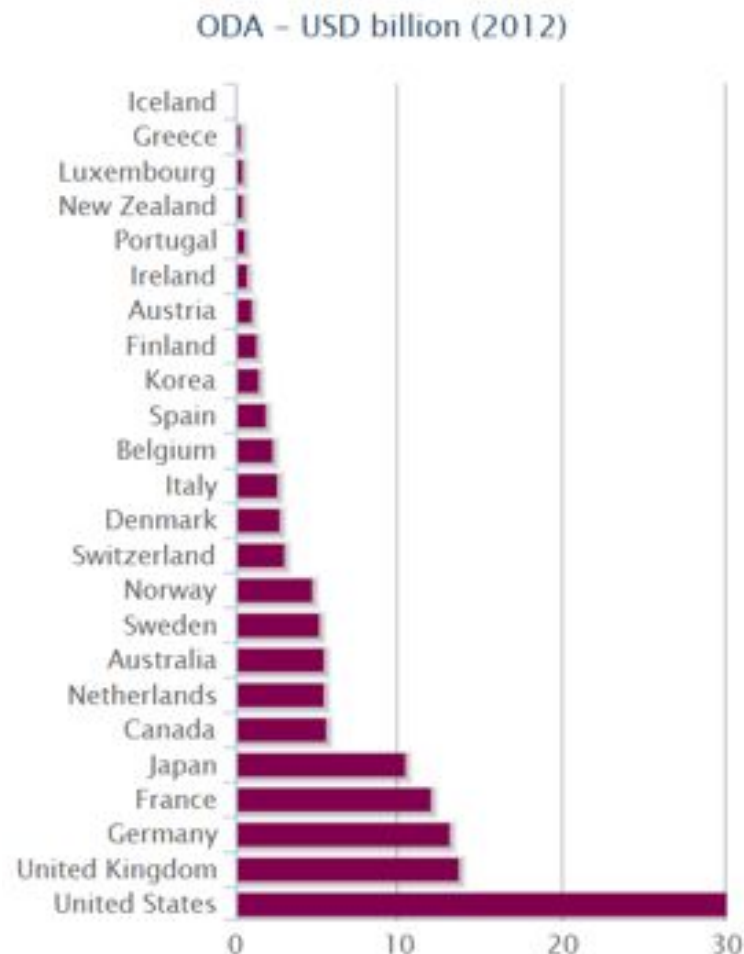


Commission on its own:

- 2nd largest donor of humanitarian aid after USA
- 2nd largest donor of development aid after USA, and followed by UK, Germany and France

Global development aid data (2012)

The largest donors, by volume were: the United States, the United Kingdom, Germany, France and Japan.



Denmark, Luxembourg, the Netherlands, Norway and Sweden continued to exceed the United Nations' ODA target of 0.7% of GNI

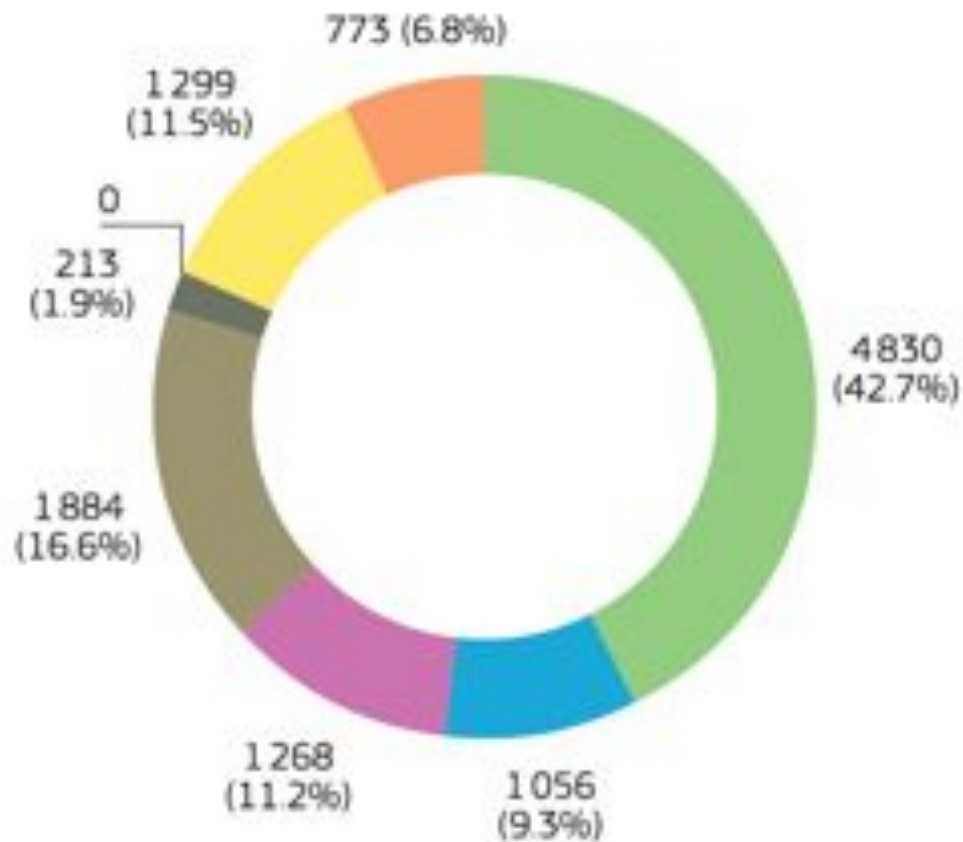
EU27 ODA 2011-15

Member State	2011		2012		2013		2014		2015	
	EUR Million	% of GNI	EUR Million	% of GNI	EUR Million	% of GNI	EUR Million	% of GNI	EUR Million	% of GNI
Austria	799	0.27	865	0.28	1,362	0.43	1,359	0.42	1,347	0.40
Belgium	2,019	0.54	1,792	0.47	1,998	0.51	2,065	0.51	2,920	0.70
Bulgaria	35	0.09	30	0.08	45	0.11	56	0.17	56	0.13
Cyprus	28	0.16	20	0.13	28	0.17	29	0.18	29	0.17
Czech Republic	182	0.17	171	0.17	178	0.13	189	0.13	188	0.12
Denmark	2,108	0.85	2,113	0.84	2,331	0.85	2,204	0.84	2,258	0.84
Estonia	18	0.11	18	0.11	29	0.11	23	0.12	25	0.13
Finland	1,011	0.53	1,027	0.53	1,158	0.56	1,173	0.55	1,090	0.51
France	9,848	0.56	9,419	0.45	9,826	0.47	10,581	0.49	10,916	0.49
Germany	20,136	0.39	19,168	0.38	20,861	0.38	19,781	0.38	18,008	0.38
Greece	825	0.15	232	0.13	234	0.13	217	0.12	202	0.11
Hungary	100	0.11	91	0.10	94	0.10	98	0.10	102	0.10
Ireland	657	0.51	629	0.48	623	0.48	623	0.45	623	0.44
Italy	3,111	0.20	2,053	0.13	2,581	0.16	2,435	0.15	2,978	0.18
Latvia	14	0.07	16	0.08	36	0.07	17	0.07	19	0.07
Lithuania	58	0.13	40	0.13	43	0.13	43	0.12	44	0.12
Luxembourg	294	0.27	336	1.00	323	0.58	323	0.25	327	0.56
Malta	14	0.25	14	0.23	15	0.22	19	0.28	23	0.33
The Netherlands	4,563	0.75	4,298	0.71	4,254	0.68	3,735	0.59	3,513	0.60
Poland	300	0.08	341	0.09	387	0.10	407	0.10	428	0.10
Portugal	509	0.31	441	0.27	604	0.30	488	0.31	513	0.31
Romania	118	0.09	113	0.08	126	0.09	134	0.09	142	0.09
Slovak Republic	62	0.09	61	0.09	63	0.09	66	0.09	69	0.09
Slovenia	45	0.13	45	0.13	45	0.13	46	0.13	47	0.13
Spain	3,001	0.29	1,516	0.15	1,755	0.19	1,630	0.15	1,360	0.12
Sweden	4,030	1.02	4,078	0.99	4,411	1.01	4,599	1.00	4,768	1.00
UK	9,948	0.56	10,617	0.56	13,067	0.70	13,613	0.70	14,117	0.70
EU15 Total	81,840	0.48	69,447	0.42	84,728	0.46	88,476	0.46	88,329	0.46
EU12 Total	951	0.10	961	0.10	1,058	0.10	1,129	0.10	1,172	0.10
EU27 Total	82,791	0.42	70,408	0.39	85,786	0.43	89,605	0.42	89,501	0.43
EU Institutions ODA	12,507		13,669							
of which:										
Reported to Member States	8,054		8,171							
Not reported to Member States	4,453	0.09	5,498	0.08						
Collective EU ODA ⁽¹⁾	95,304	0.46	84,147	0.43						

(1) Including EU Institutions ODA not reported to Member States

Sectoral distribution

Commitments 2011 in € million

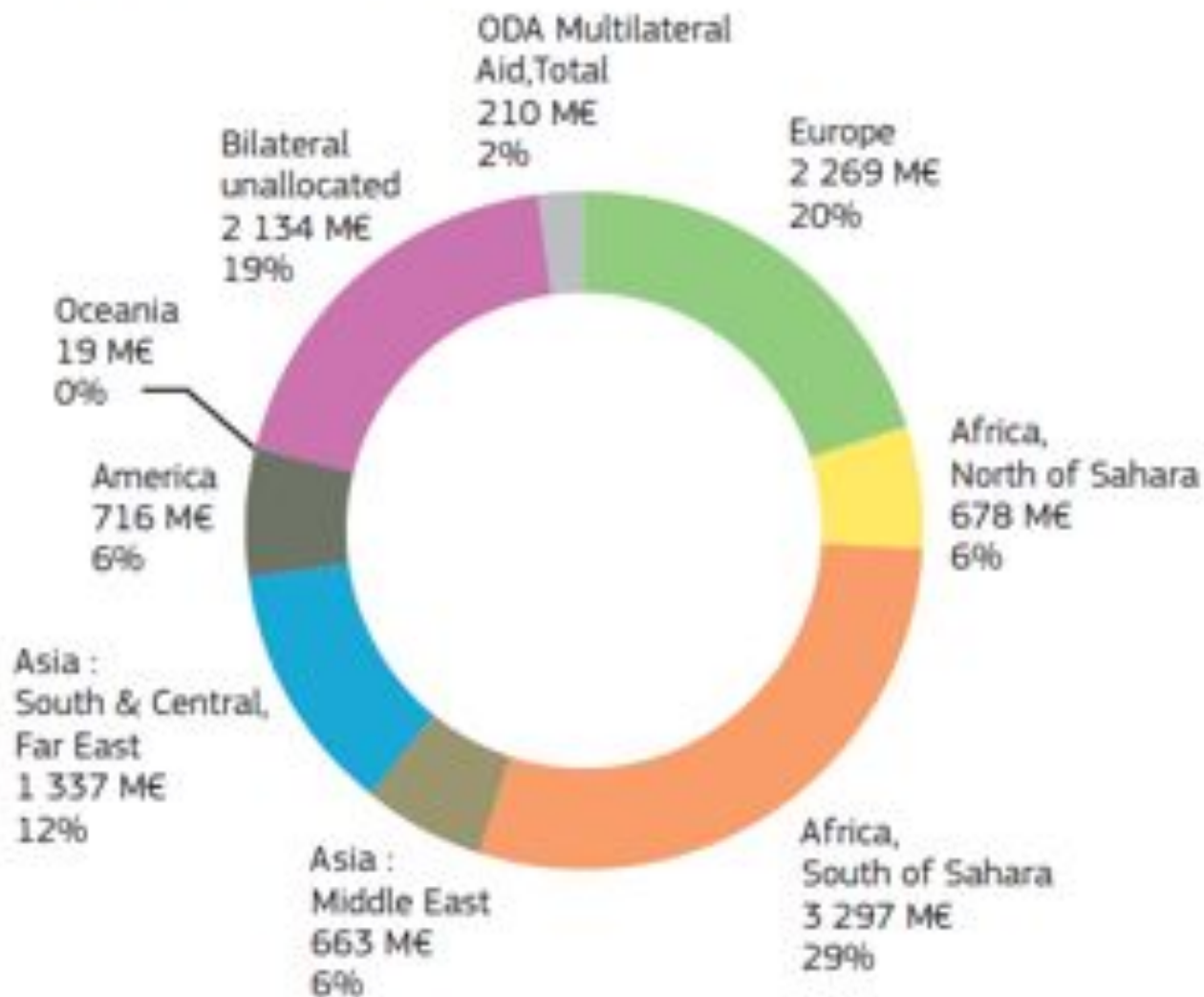


- Social infrastructures: education, health, water, government and civil society, other
- Economic infrastructures and services: transport, communications, energy, other services
- Production: agriculture, forestry and fishing, industry, mining and construction, trade and tourism
- Multisector/Crosscutting : environment, other
- Budget support, food aid, food security
- Action relating to debt
- Humanitarian aid : Emergency response, reconstruction relief and rehabilitation, disaster prevention and preparedness
- Other/Unallocated : admin. costs, unspecified

Regional distribution

Regional distribution of aid to developing countries (ODA) in 2011

Commitments in € million



Regional distribution

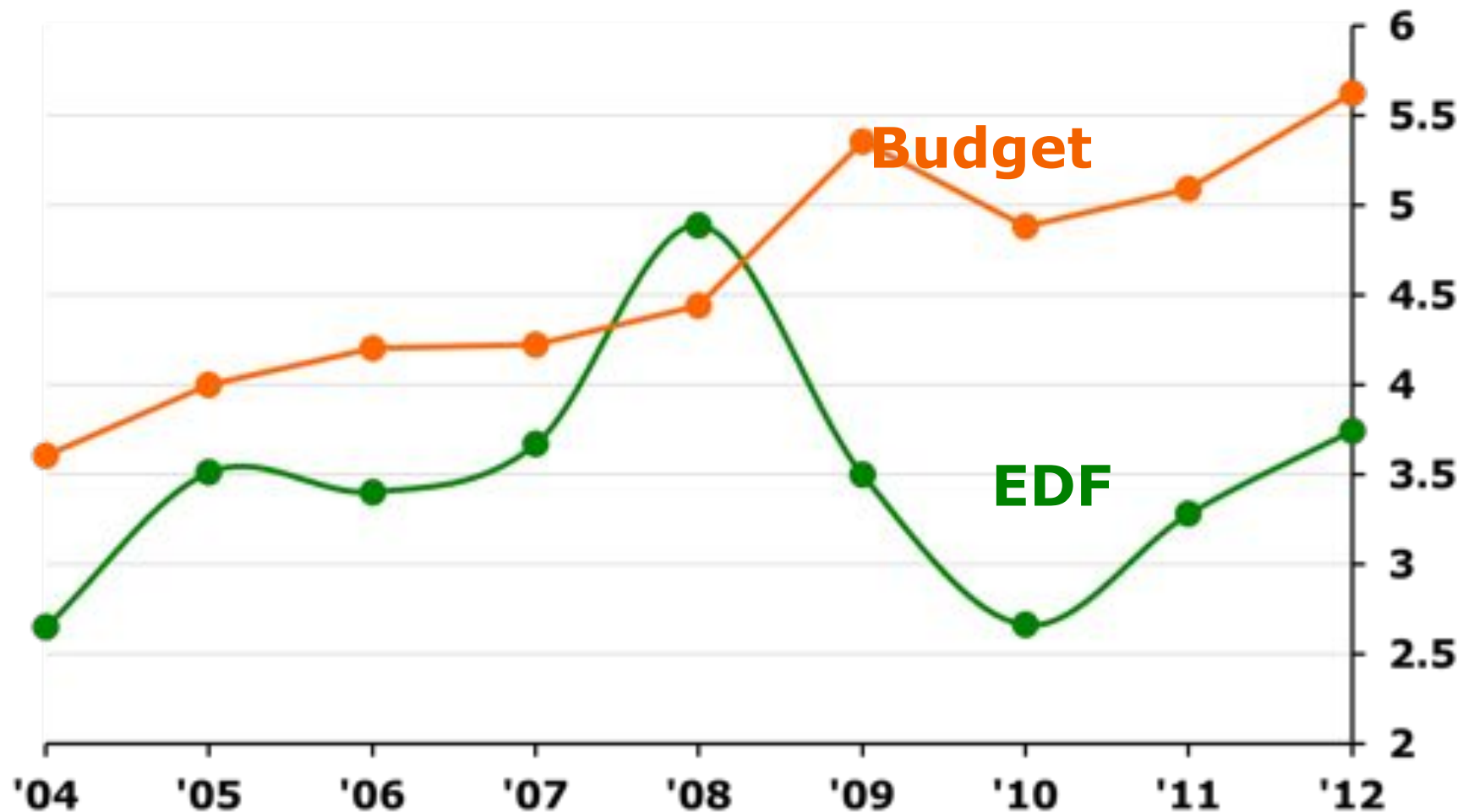
(€ Million)	Grand total		Managed by EuropeAid		Managed by Other DGs	
Region ⁽¹⁾	Commitments	Disbursements	Commitments	Disbursements	Commitments	Disbursements
Europe	2 269	1 437	495	338	1 774	1 099
Africa, North of Sahara	678	517	588	433	90	84
Africa, South of Sahara	3 297	3 422	2 739	2 895	558	527
Asia : Middle East	663	507	518	383	146	124
Asia : South & Central, Far East	1 337	1 367	991	907	346	459
America	716	721	652	602	64	119
Oceania	19	85	19	82	-	3
Bilateral unallocated	2 134	910	1 629	650	505	259
ODA Multilateral Aid, Total	210	248	208	246	2	2
TOTAL ODA	11 323	9 213	7 840	6 536	3 484	2 677

(1) Following OECD region.

Cfr table "Country breakdown of EU development aid in 2011".

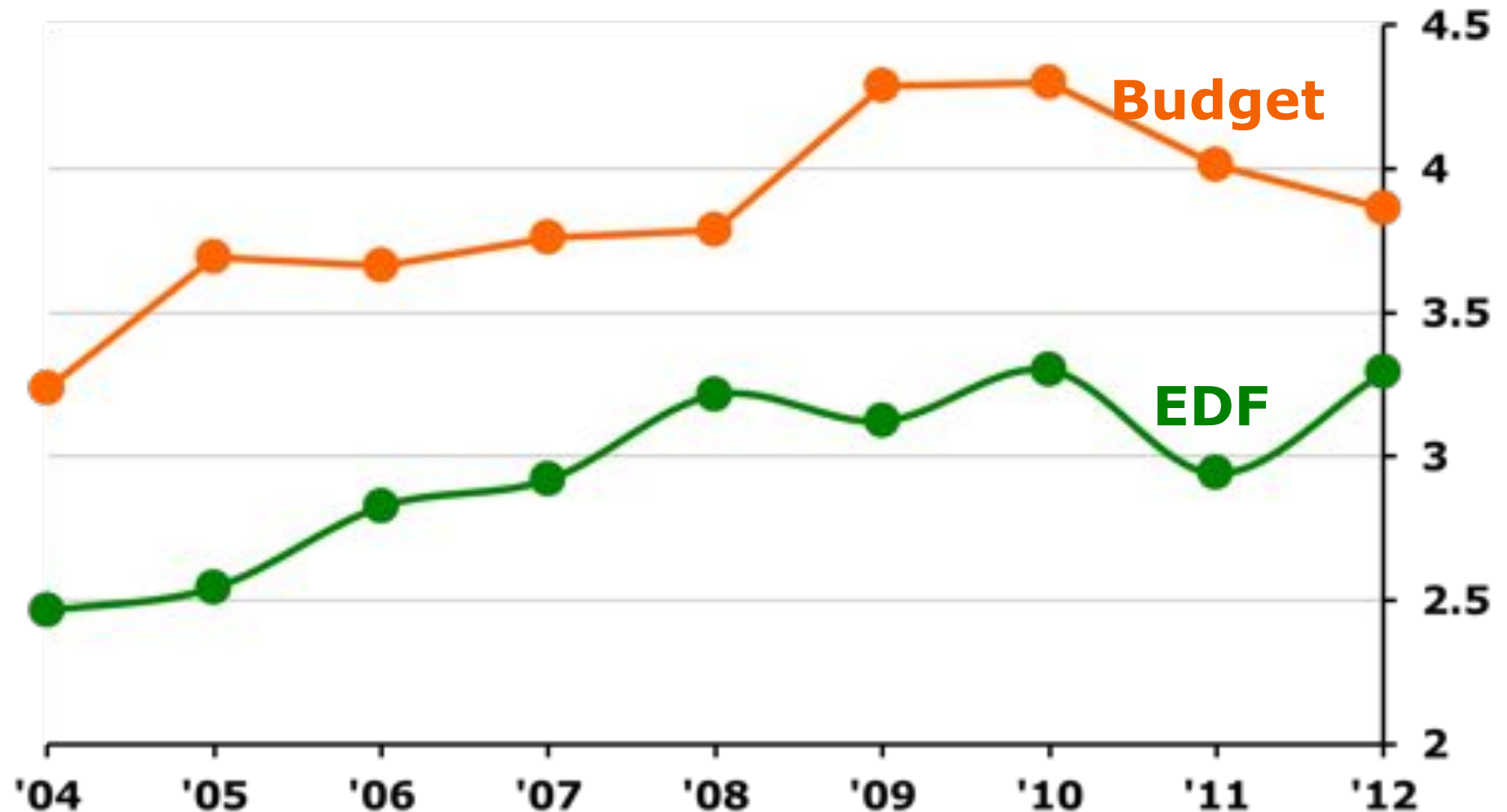
Financial results: Budget & EDF commitments (€bn)

Planned objective: 8.7 Achieved: 9.4





























Financial results: Budget & EDF payments (€bn)

Planned objective: 7.0 Achieved: 7.2



Voluntary contributions of EU Member States to the 10th EDF

	Member States	Million EUR	%		Member States	Million EUR	%		Member States	Million EUR	%
	Belgium	800.67	3.53		France	4,434.33	19.55		Austria	546.64	2.41
	Bulgaria	31.75	0.14		Italy	2,916.91	12.85		Poland	294.87	1.3
	Czech Republic	115.67	0.51		Cyprus	20.41	0.09		Portugal	260.84	1.15
	Denmark	453.64	2		Latvia	15.88	0.07		Romania	83.92	0.37
	Germany	4,659.81	20.5		Lithuania	27.22	0.12		Slovenia	40.83	0.18
	Estonia	11.34	0.05		Luxembourg	61.24	0.27		Slovakia	47.63	0.21
	Ireland	206.41	0.91		Hungary	124.75	0.55		Finland	333.43	1.47
	Greece	333.43	1.47		Malta	6.80	0.03		Sweden	621.49	2.74
	Spain	1,780.54	7.85		Netherlands	1,100.08	4.85		United Kingdom	3,361.47	14.82

3

EU Development Cooperation: Landmarks & Structure

Main Actors: Commission

EEAS



Andris Piebalgs

Development

**Development and
Cooperation – EuropeAid**



Karel De Gucht

Trade

Trade



Štefan Füle

**Enlargement,
European
Neighbourhood Policy**

Enlargement



Kristalina Georgieva

**International
Cooperation,
Humanitarian Aid,
Crisis Response**

**Humanitarian Aid and
Civil Protection**



Catherine Ashton

Vice-President

**High-Representative
for Foreign Affairs and
Security Policy**

DIVISION OF LABOUR WITHIN THE EU

Development

Programming :

EUROPEAN EXTERNAL ACTION SERVICE
(EEAS)

with EuropeAid

& EUROPEAN COMMISSION

(for Thematic programmes: GPGC, CSO&LA)

Implementation :

DG for Development and
Cooperation

EuropeAid

FPI

Humanitarian

DG ECHO



Pre-Accession

DG ELARG

FYRoM
Turkey
Albania
Bosnia &
Herzegovina
Serbia
Kosovo
Iceland

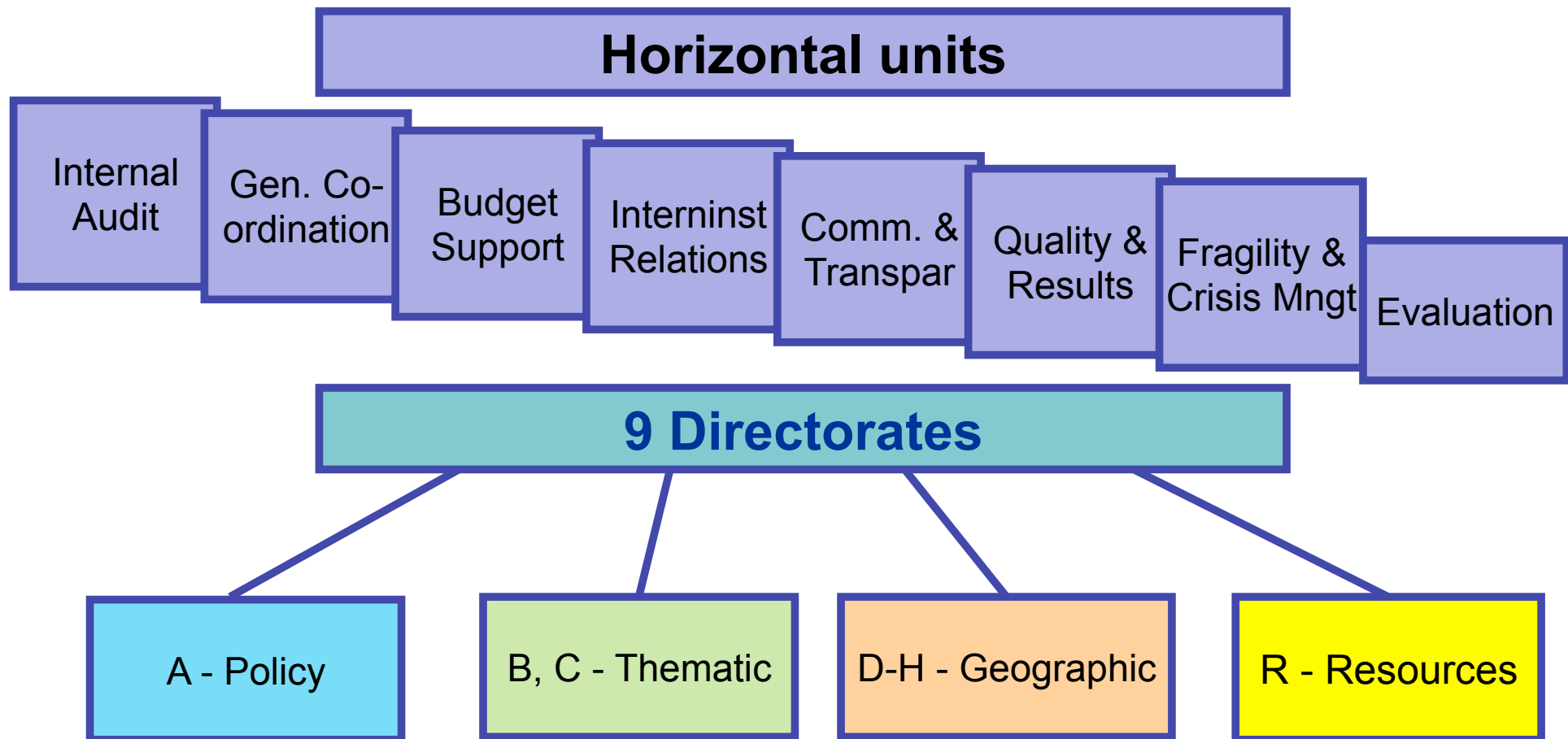
+ DG TRADE

DEVCO structure

Director-General: Mr Fernando FRUTUOSO DE MELO

Deputy Director-General: Mr Klaus RUDISCHHAUSER - Policy and Thematic Coordination

Deputy Director-General: Mr Marcus CORNARO - Geographic Coordination



DEVCO Key Figures

Staff: 1541 in HQ
3024 in Delegations

Budget: €7 billion per year in average

The EU is represented through **139** EU Delegations and Offices around the world (including Delegations to candidate countries, industrialised countries and to international organisations based in Geneva, New York, Paris, Rome, and Vienna).

EU DELEGATIONS

- **The EU development policy is coordinated from Brussels**
- **...but implemented through 110 EU Delegations**



83% of the EU actions are directly or indirectly managed by the EU Delegations

Our Implementing Partners:

We can't do it alone

- Member States
- Partner governments
- Local authorities
- International organisations
- Civil Society actors
- Private sector
- Non EU Donors

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**Development
Cooperation
in practice**

Types of External Cooperation Instruments

Geographic Instruments



Thematic Instruments



INSTRUMENTS - 10th EDF 2008-2013

European Development Fund (EDF): ACP States and Overseas Countries and Territories

- created in 1958 for former colonies in Africa the Caribbean and the Pacific
- funded by the Member States
- governed by an International Agreement: Cotonou
- subject to its own financial rules

Next opportunity for the budgetisation of the EDF?
Maybe in 2020, BUT alignment of rules in the
meantime (December 2008)

INSTRUMENTS - BUDGET 2007-2013

Geographical coverage

- Pre-accession (**IPA**)
- Neighbourhood (**ENPI**)
- Development (**DCI**)
- Industrialised countries (**ICI**)

General coverage

- Human Rights (**EIDHR**)
- Other Thematic Programmes (included in **DCI**)
- Stability: (**IFS**)
- Nuclear Safety: (**NSI**)
- Food Facility (**FF**) – *ad hoc instrument*
- Humanitarian aid

EU Financial Regulation / Implementing Rules

European Development Fund - EDF

78 countries

€3.7 billion/y

2007–13: €22.7 billion



European Development Fund - EDF

Examples:



Primary education in Tanzania



HIV and TB in Benin

<https://myintracomm.ec.europa.eu/dg/devco/info-communication/communication-awards/Pages/index.aspx>

European Neighbourhood Policy Instrument - ENPI



17 countries

€1.6 billion/y

**2007–13: €11.18
billion**

Examples:



Development Cooperation Instrument - DCI



47 countries
€1.4 billion/y
2007–2013: €10.057
billion

Development Cooperation Instrument - DCI

Examples:







Empowering a post-conflict community in Bangladesh









Environmental management in Bolivia

<https://myintracomm.ec.europa.eu/dg/devco/info-communication/communication-awards/Pages/index.aspx>

4 thematic instruments

Funding Instrument	Countries covered	Ø Annual funding	Total funding 2007-2013
 European Instrument for Democracy & Human Rights (EIDHR)	All developing countries	€ 160 million	€ 1 104 billion
 Nuclear Safety Co-operation Instrument (NSCI)	All (except EU and industrialised countries)	€ 75 million	€ 524 million
 EU food facility	50 countries in Africa, Caribbean, Asia, Latin America, Gulf region	n/a	€ 1 billion
 Instrument for stability	All (except EU and industrialised countries)	€ 240 million	€ 925 million

6 thematic instruments under DCI

Funding Instrument	Countries covered	Ø Annual funding	Total funding 2007-2013
 Environment and sustainable management of natural resources including energy	All (except EU & industrialised countries)	€ 120 million	€ 470 million
 Non-state actors and local authorities in development	All (including EU), except 3rd industrialised countries	€ 230 million	€ 1.6 billion
 Food security	All (except EU & industrialised countries)	€ 240 million	€ 925 million
 Migration and asylum	All (except EU and industrialised countries)	€ 60 million	€ 384 million
 Investing in people	All (except EU and industrialised countries)	€ 150 million	€ 1 billion
 Restructuring of sugar production	ACP countries	€ 180 million	n/a

Programming

Reference documents for programming

1) Alignment based on National Development Plan



2) Joint Programming



3) If none of the above, CSP/RSP



4) Multi-annual indicative programme

Programming timeline

Programming process

A preliminary positive conclusion is that in the majority of countries (about 80 countries DCI+EDF) we are programming on the basis of the country's own development strategy and not as before on the basis of Country strategy papers.

11 pilot countries were selected where Joint programming is under preparation (e.g. Afghanistan, Bangladesh, Ethiopia, Ukraine).

- **Years N – 2 to N – 1** Identification and formulation of projects and programmes

A real challenge is to ensure that the principle of concentration is strongly adhered to (max 3 sectors).

- Adoption of programming documents AFTER adoption of the legal bases (instruments), probably in 2014
- **Year N** – funds committed through a Comm decision
- By end of **year N+1** financing agreement with the beneficiary government signed, implementation starts

Aid delivery methods

How do we implement our policy?

Projects



Budget Support



Project approach

A project is a series of activities carried out with:

- clearly specified objectives
- within a defined time period and
- with a defined budget

Example: Nepal

Improving farm productivity
through agriculture technology



Budget Support

Direct transfer of funds to the central national bank of the beneficiary country

- Dialogue on eligibility including macroeconomic situation, PFM with focus on indicators
- Triggers disbursement as defined in Fin. Agreement
- Dialogue on budget policy and expected results
- Increase ownership of partner country

Example: Rwanda

Improved basic services in education, health, & water supply



Sector Policy Support Programmes

Projects or Budget Support mode – for a specific sector with the objective of:

- Partner government's ownership (sector policy)
- or advanced preparation + capacity development
- Stakeholder consultation and inclusion

Example:

Palestinian occupied territory

Transforming mental health services



Eligibility Criteria for Budget Support

➤ **Stable macroeconomic framework**

➤ macroeconomic policy and indicators (economic growth + drivers, savings & investments), PFM, external trade, capital flows

➤ **National/sector policy and reform**

➤ National ownership

➤ Focus on inclusive/sustainable growth and poverty reduction (“Agenda for Change”)

➤ **Public financial management**

➤ Assessment of PFM system to establish a baseline for dynamic approach

➤ May require short-term measures from PFM reform strategy before starting BS

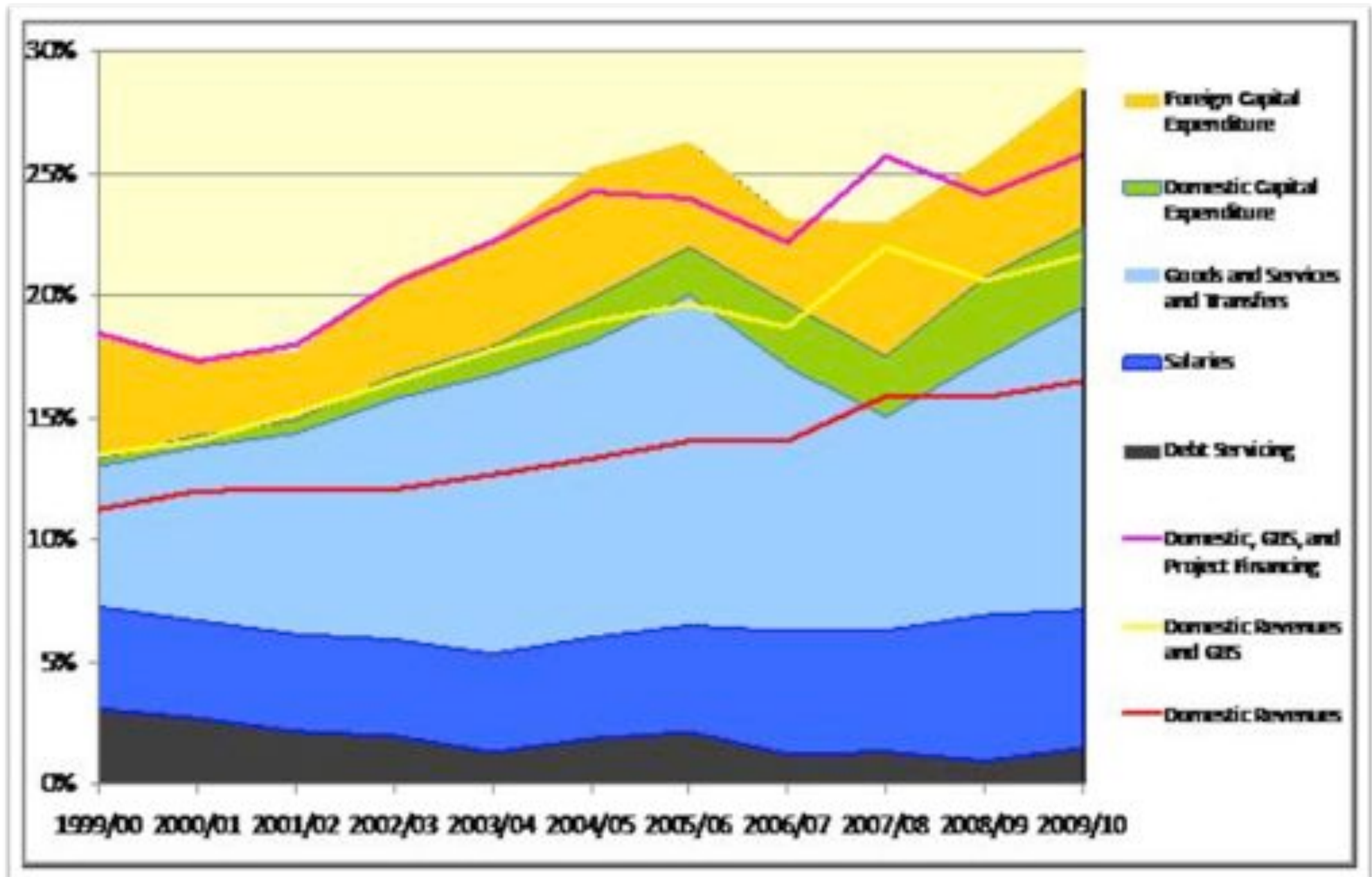
➤ Partner countries to be actively engaged in fight against fraud and corruption

➤ More focus on fiscal and debt sustainability, domestic revenue mobilisation, prospect for reducing aid dependency, resilience

➤ **Transparency and oversight of budget**

➤ Public availability of budgetary information

Tanzania: BS Financial Contribution



Example: EU cooperation with Ethiopia

EDF (€689 million for 2008-2013):

- Transport infrastructures and regional integration
(ex. Road Sector Development Program)
- Rural development and food security
- Macro-economic support and governance



Thematic instruments – EU Food facility (€43 million in 2008):

13 projects implemented by NGOs (diversification of agricultural production, better agronomic practices and livestock mngt.

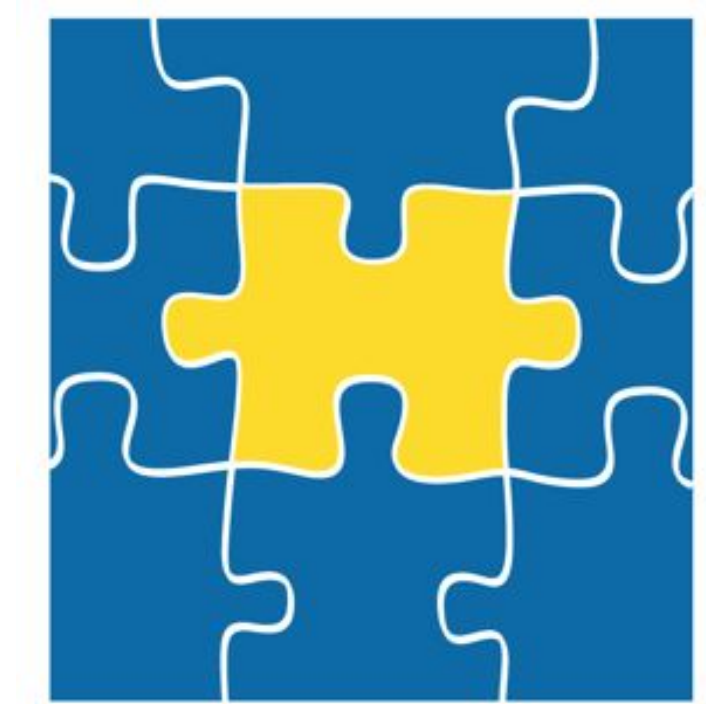
European Instrument for Democracy & Human Rights:

Projects with Civil Society targeting women, vulnerable groups such as orphans, disable persons, elderly.

EU BLENDING FACILITIES

STRATEGIC USE OF GRANT

combined with additional flows
such as loans and risk capital



EU BLENDING FACILITIES

OBJECTIVES OF BLENDING



EIB EBRD AFD KfW AECID
WORLD BANK CEB AfDB
SOFID ADB CDB NIB IDB
CAF LUXDEV FINNFUND
COFIDES BIO PIDG OeEB
SIMEST CABEI ...

FINANCIAL

Leverage additional public and private resources for enhanced development impact.

NON-FINANCIAL

Improve project sustainability & speed. More financial discipline & ownership.

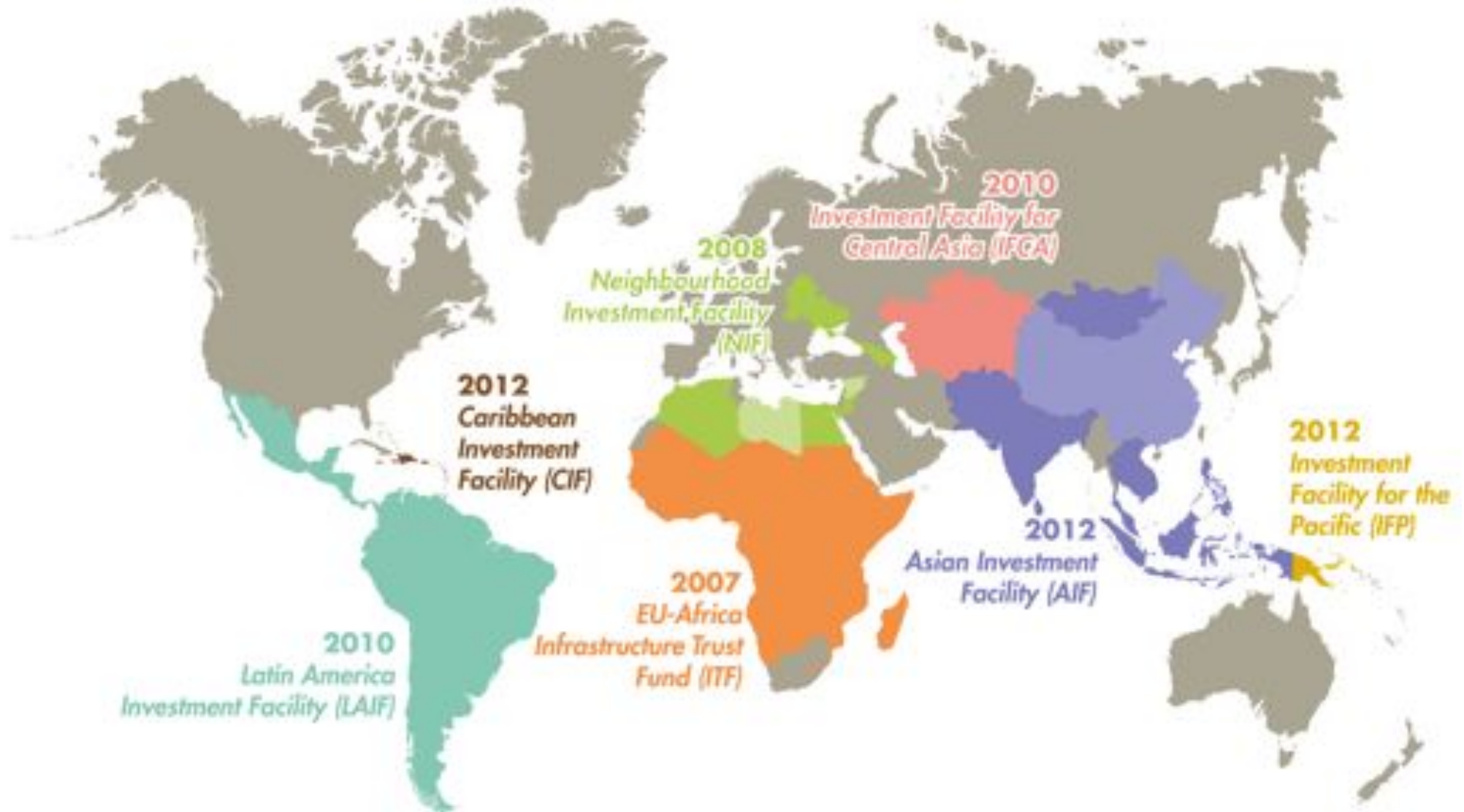
POLICY

Support to reforms in line with EU policies.

PROMOTE COOPERATION & COORDINATION

between European and Non-European aid actors (donors and finance institutions).

EU BLENDING FACILITIES



EU BLENDING FACILITIES

Example - Morocco: Ouarzazate Solar Power Plant

This project is the first phase of the **Moroccan Solar Plan** launched in November 2009 with the objective to develop solar power generation and related local industry with a target capacity of a minimum of 2,000MW to be installed by 2020. The aim is to create the ***largest solar concentrator plant in the world***.



This initial project concerns the **development of a 500 MW solar power complex** located approximately 10 km Northeast of Ouarzazate.

The project owner is the Moroccan Agency for Solar Energy (MASEN). The private sector will participate in project implementation through a public-private partnership.

Lead IFI: EIB

Other FI: AFD, KfW

Total cost: €800 M

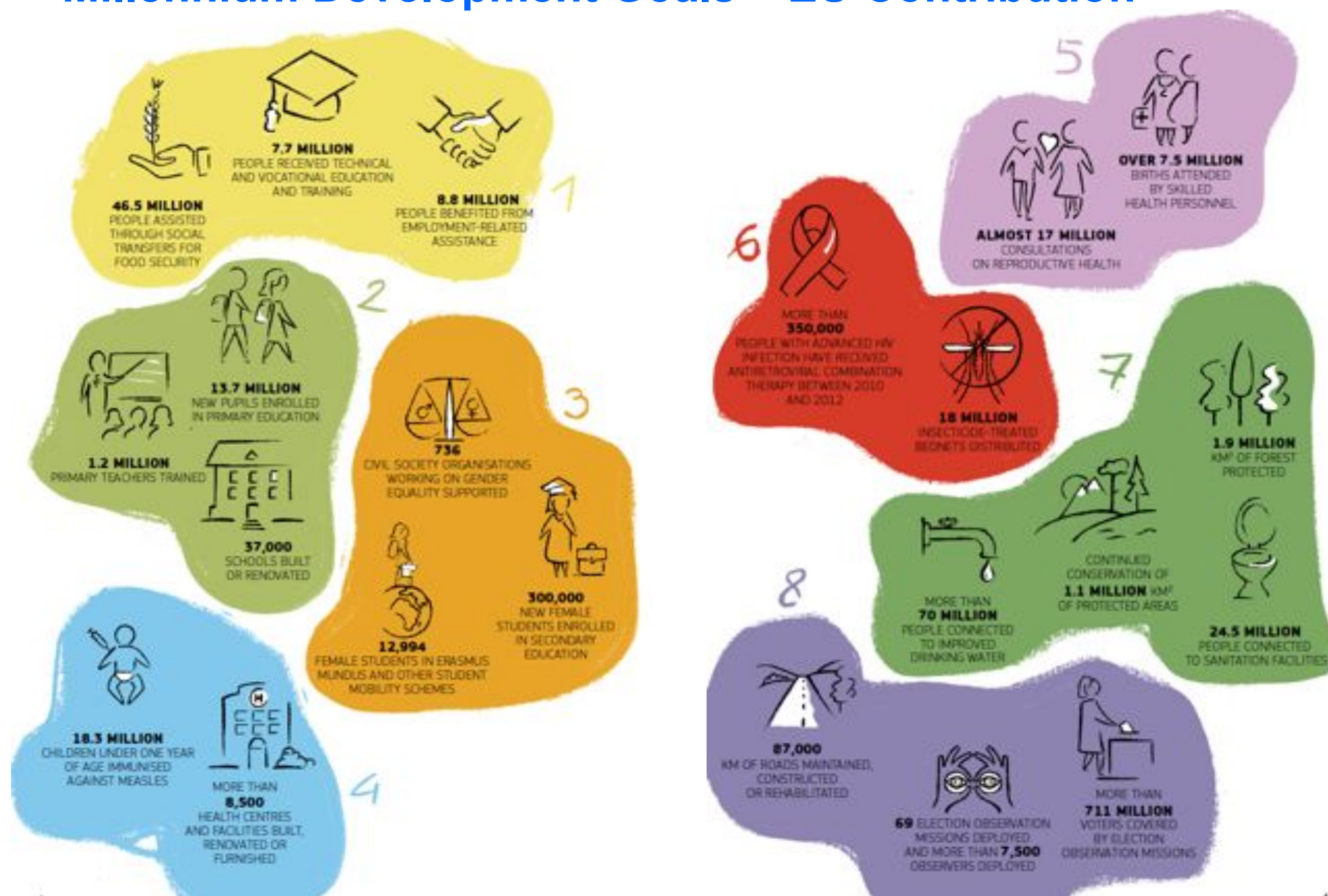
NIF grant: €30 M

Status: disbursing

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Challenges & Policies

Millennium Development Goals – EU Contribution



Millennium Development Goals: Where are we today?



Eradicate extreme poverty and hunger

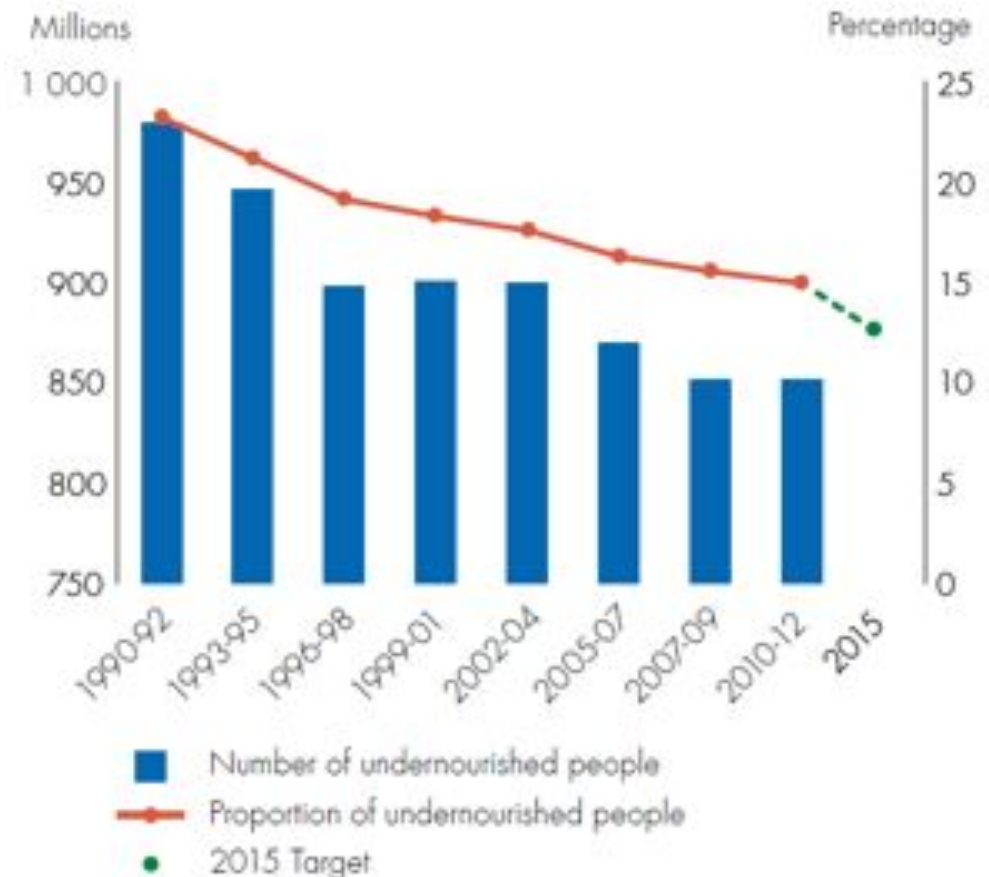
Target 1.C

Halve, between 1990 and 2015, the proportion of people who suffer from hunger

The **hunger reduction target** is within reach if recent slowdowns in progress can be reversed

The proportion of undernourished people in developing regions has decreased from **23.2 %** in 1990–1992 to **14.9 %** in 2010–2012.

Number and proportion of people in the developing regions who are undernourished 1990-2012



Post-2015 Development Agenda

SDGs?

Together with DG Environment, DEVCO started its work on a joint Communication that proposes to bring together the MDG review and the work on **Sustainable Development Goals** with a view to developing a joint approach to a future development agenda after 2015.

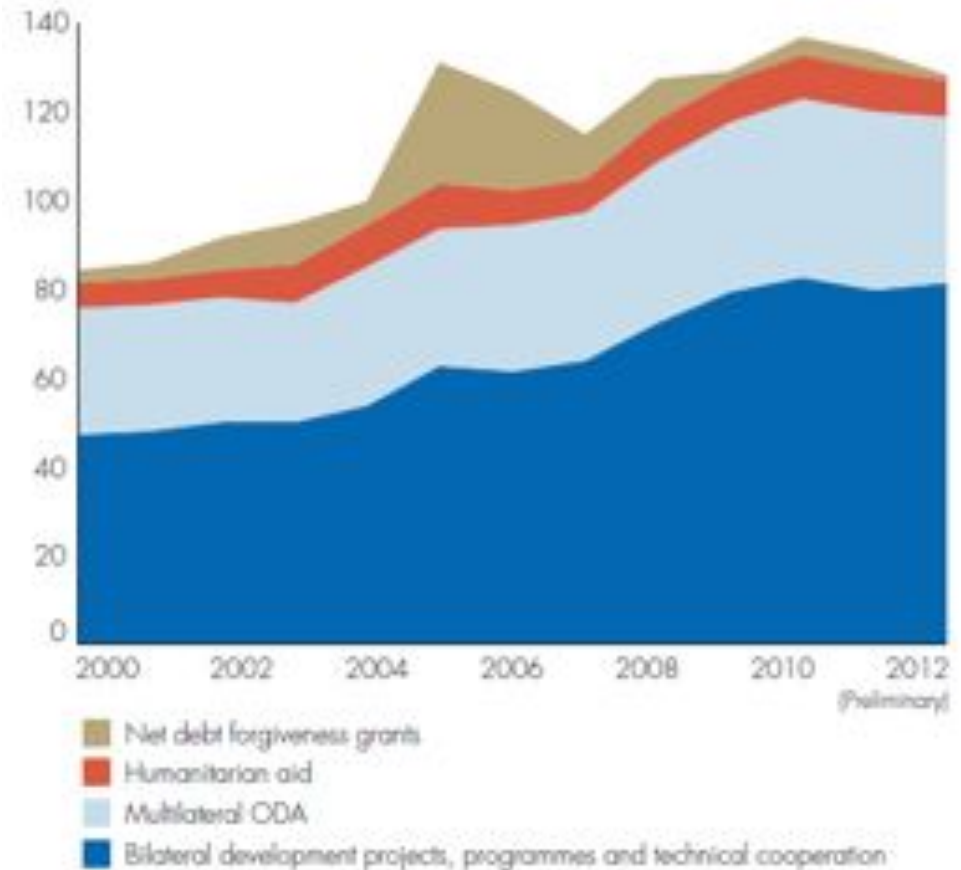
The Communication was launched in February 2013.

Dropping level of bilateral official development assistance

Less aid money overall

• In 2012, net aid disbursements from developed to developing countries totalled **\$125,6 billion**. This represents a 4% drop in real terms compared to 2011, which itself was 2% below 2010 levels.

Official development assistance (ODA) from OECD-DAC countries, 2000-2012 (Constant 2011 US\$ billions)



Source: UN, 2013 The Millennium Development Goals Report, June 2013 - <http://www.un.org/millenniumgoals/pdf/report-2013/mdg-report-2013-english.pdf>

Dropping level of bilateral official development assistance

Poorest countries most adversely affected

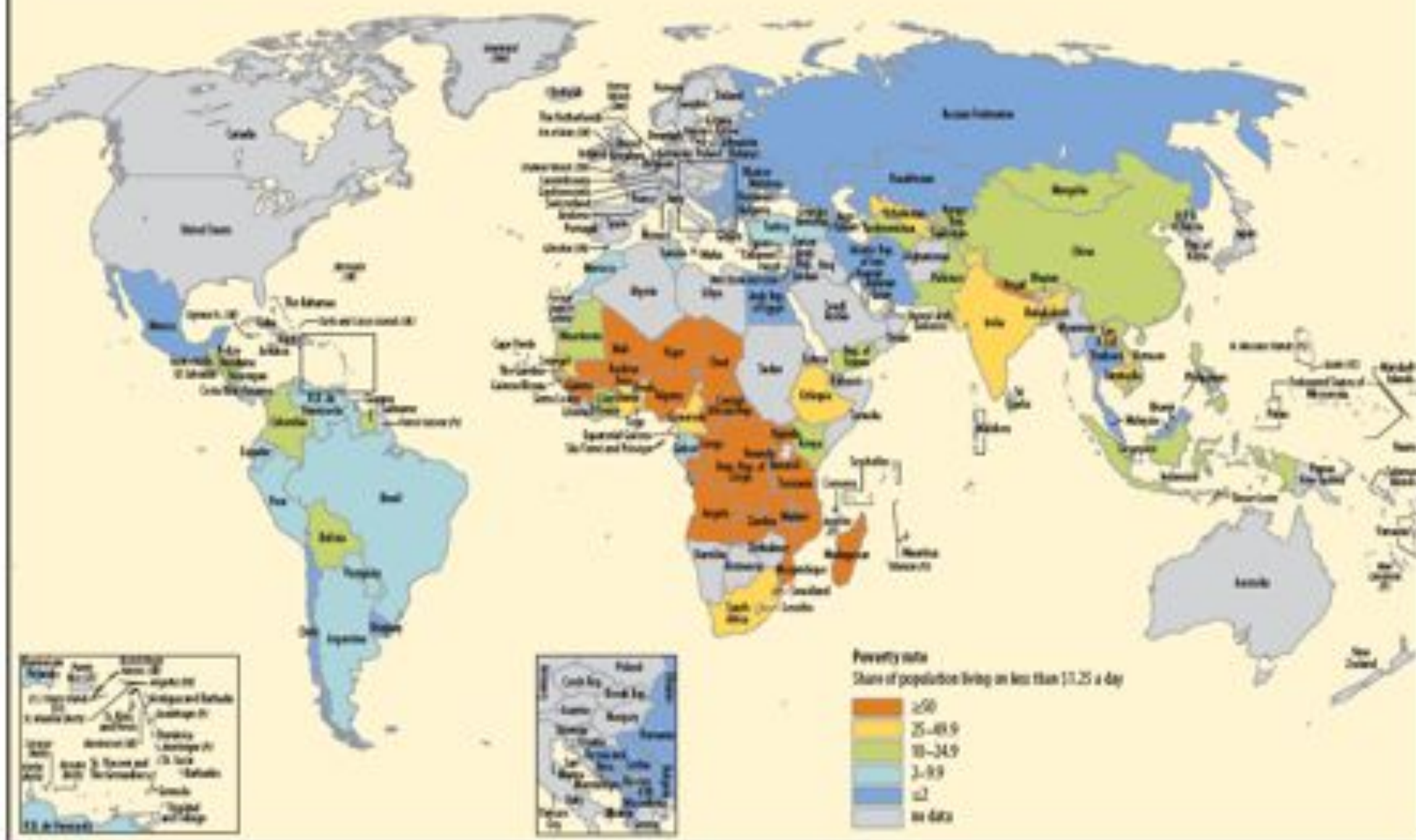
- This decline affected least developed countries disproportionately. In 2012, bilateral official development assistance to these countries fell by 13 per cent, to about \$26 billion.

Net official development assistance from OECD-DAC countries as a proportion of donors' gross national income, 1990-2012 (Percentage)



Poverty rate

2005-2006
2006-2007





Austrian

= Development Agency



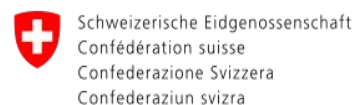
DANIDA



GRUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT



THE BELGIAN DEVELOPMENT COOPERATION

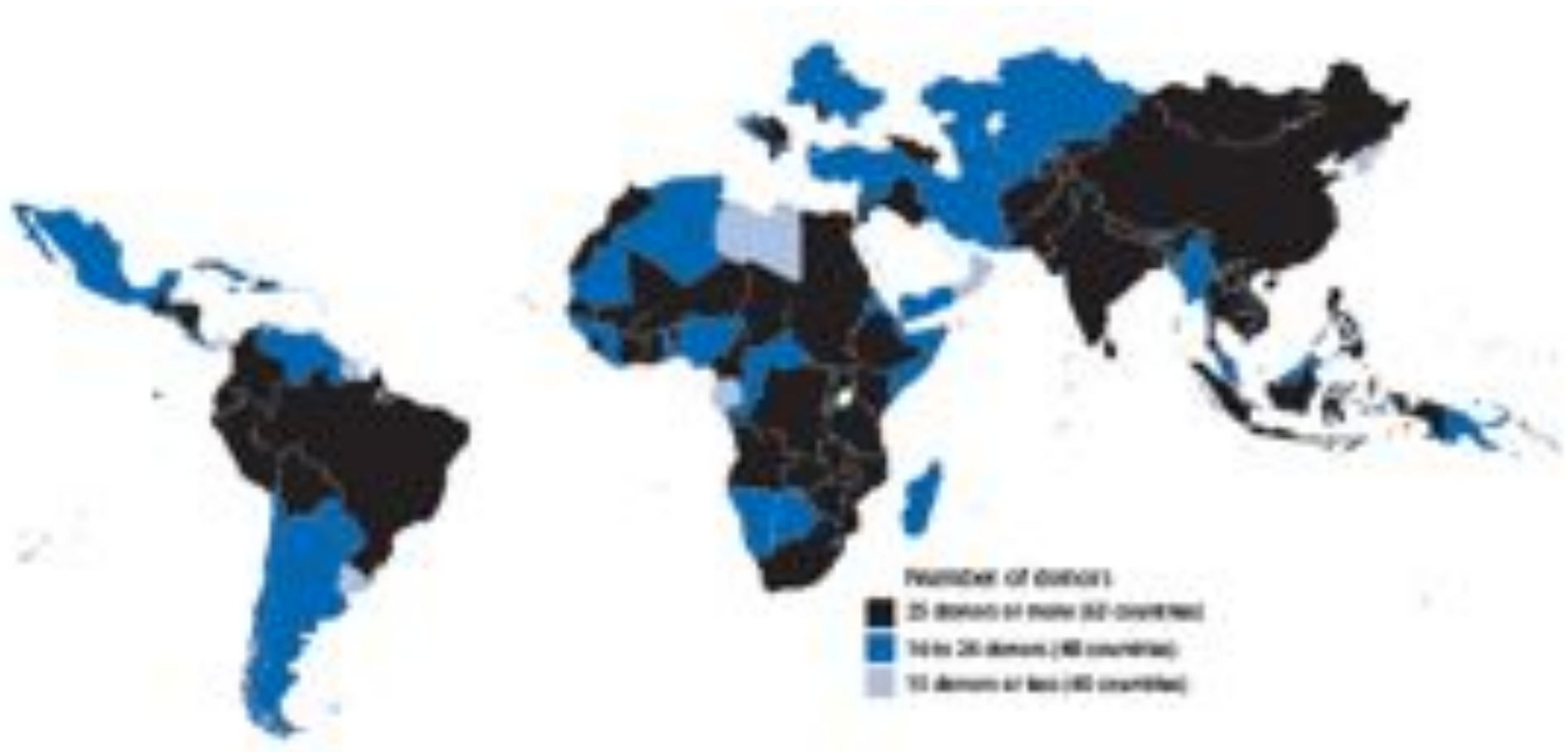


Inter-American Development Bank



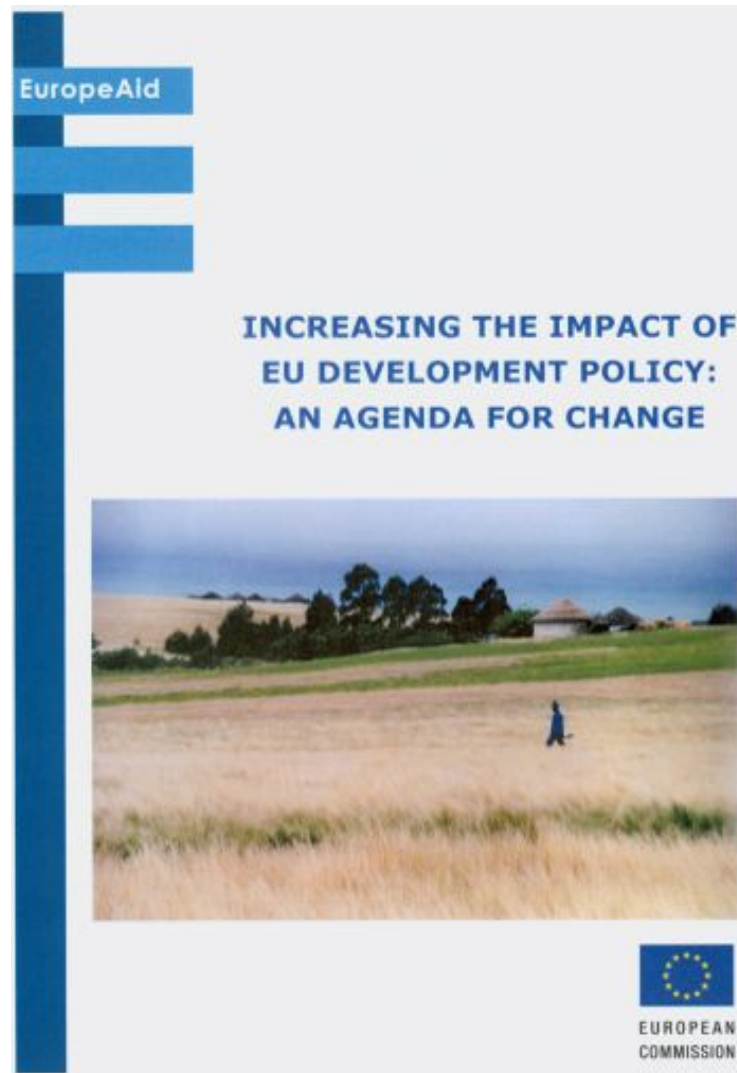
Challenges at international level

63 partner countries with 25 donors or more



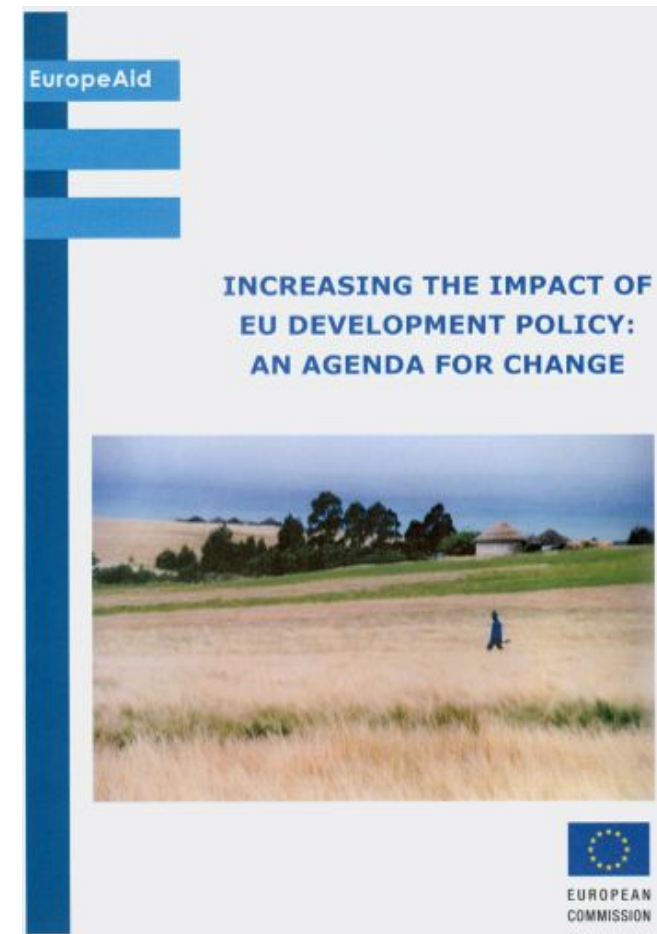
Source: OECD DAC - 2009 OECD Report on Division of Labour, Addressing Fragmentation and Concentration of Aid across countries, December 2009 - <http://www.oecd.org/development/effectiveness/44318319.pdf>

The new EU policy framework: “Agenda for Change”



The new EU policy framework: “Agenda for Change”

- Focus on **2 pillars**:
 - Democracy, human rights & good governance
 - Inclusive & sustainable growth for human development
- Concentration on **max. 3 sectors per country**
- **Aid focused** on countries most in need & where impact is greatest
- Common vision for EU and Member states: joint actions & programming promoted



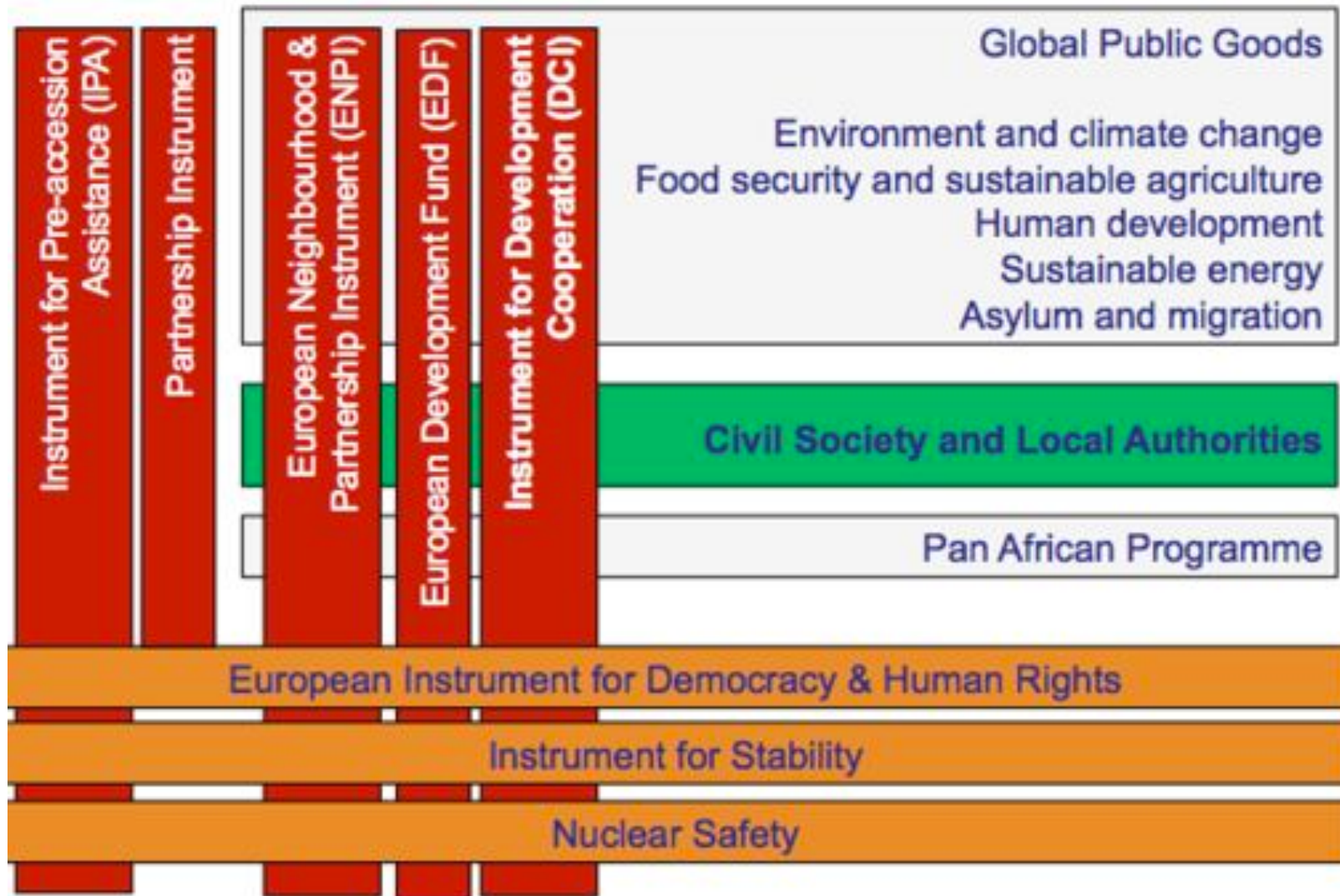
The new EU policy framework: “Agenda for Change”



http://ec.europa.eu/commission_2010-2014/piebalgs/headlines/news/2012/07/20120724_en.htm

The next MFF (2014-2020)

A quick overview of the planned 2014-20 instruments and programmes



The 2014-20 instruments translate the new policies

- **Differentiation:** priority for countries most in need & new approach towards emerging economies
- Greater **strategic focus** & concentration of aid
- Increased flexibility & simplification for programming & implementation
- Promote Aid effectiveness: division of labour, joint programming, alignment to partner countries
- Emphasis on good governance (democracy, human rights and rule of law) & mutual accountability
- Promotion of innovative instruments: **blending**
- Stronger involvement of the **European Parliament**

The 11th European Development Fund (2014-2020)

Quiz

- What is the primary aim of EU development policy?

Eradication of poverty.

Quiz

- What % of the EU budget (+EDF) was committed for external assistance (in 2012)?

9 %

Quiz

- EU 28 + 1 was in charge of which % of world development aid (in 2012)?

65 %

Quiz

- The largest donor (by % of GNI) is?

Luxembourg

Quiz

- How many DEVCO staff work in Delegations?

3024

Quiz

- What is ENPI?

**European Neighbourhood Policy
Instrument**

Quiz

- The name of new EU development policy framework?

Agenda for Change

THANK YOU FOR YOUR ATTENTION!

