



Council of the
European Union

Brussels, 20 August 2014
(OR. en)

12570/14
ADD 1

DEVGEN 199
RELEX 688
ACP 137
COHAFA 89
WTO 229
ONU 103
OCDE 7

COVER NOTE

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	13 August 2014
To:	Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union
No. Cion doc.:	SWD(2014) 258 final PART 1/3
Subject:	COMMISSION STAFF WORKING DOCUMENT Accompanying the document REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL Annual Report 2014 on the European Union's development and external assistance policies and their implementation in 2013

Delegations will find attached document SWD(2014) 258 final PART 1/3.

Encl.: SWD(2014) 258 final PART 1/3



EUROPEAN
COMMISSION

Brussels, 13.8.2014
SWD(2014) 258 final

PART 1/3

COMMISSION STAFF WORKING DOCUMENT

Accompanying the document

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

**Annual Report 2014 on the European Union's development and external assistance
policies
and their implementation in 2013**

{COM(2014) 501 final}

Table of Contents

1.	<u>CHAPTER 1 - DELIVERING ON COMMITMENTS</u>	4
1.1.	<u>EU response to world developments in 2013</u>	4
1.2.	<u>Leading the way in development policy</u>	6
1.2.1.	<u>A more strategic approach: implementing the ‘Agenda for Change’</u>	7
1.2.2.	<u>Responding to global challenges and supporting long-term reforms</u>	9
1.2.3.	<u>Making a difference: new instruments and aid modalities</u>	11
1.3.	<u>Keeping long-term promises</u>	14
1.3.1.	<u>Progress in achieving the Millennium Development Goals (MDGs) and preparation of the post-MDG framework</u>	14
1.3.2.	<u>Focusing on poverty</u>	17
1.3.3.	<u>Financing for development</u>	19
1.3.4.	<u>Policy Coherence for Development and some/selected related policies</u>	20
1.3.5.	<u>Strengthening human rights and good governance</u>	22
1.3.6.	<u>Mainstreaming of cross-cutting issues</u>	23
1.3.7.	<u>Cooperation with non-state actors and local authorities</u>	26
1.3.8.	<u>The role of the private sector</u>	27
1.4.	<u>Better and more effective aid</u>	27
1.4.1.	<u>Aid effectiveness and joint programming</u>	27
1.4.2.	<u>Cooperation with the donor community</u>	29
1.4.3.	<u>Cooperation with international organisations</u>	29
1.5.	<u>Outlook 2014</u>	32
2.	<u>CHAPTER 2 - IMPLEMENTATION: GEOGRAPHIC OVERVIEW</u>	33
2.1.	<u>European Neighbourhood and the Middle East</u>	34
2.1.1.	<u>European Neighbourhood and Russia</u>	34
2.1.2.	<u>Middle East</u>	46
2.2.	<u>Africa and all African, Caribbean and Pacific states (ACP) programmes</u>	50
2.2.1.	<u>Africa-EU Strategic Partnership</u>	50
2.2.2.	<u>Sub-Saharan Africa</u>	51
2.2.3.	<u>South Africa</u>	63

<u>2.2.4. Intra-ACP programmes</u>	65
<u>2.3. Latin America and the Caribbean</u>	67
<u>2.3.1. Latin America</u>	67
<u>2.3.2. Caribbean</u>	76
<u>2.4. Asia, Central Asia and the Pacific</u>	81
<u>2.4.1. Asia</u>	81
<u>2.4.2. Central Asia</u>	89
<u>2.4.3. Pacific</u>	96
<u>2.5. Overseas Countries and Territories (OCTs)</u>	101
<u>3. CHAPTER 3 - IMPLEMENTATION: THEMATIC OVERVIEW</u>	104
<u>3.1. The thematic programmes</u>	104
<u>3.1.1. Investing in people</u>	104
<u>3.1.2. Non-state actors and local authorities in development</u>	106
<u>3.1.3. Migration and asylum</u>	108
<u>3.1.4. Environment and sustainable management of natural resources including energy</u>	109
<u>3.1.5. Food security</u>	112

INTRODUCTION

The European Union (EU) and its Member States as a whole continued to be the largest donor of official development assistance (ODA) during 2013. It collectively provided EUR 56.5 billion which amounted to 52% of the total global ODA during the year. In 2013 the EU committed EUR 14.86 billion on external assistance.

The EU modernised its development cooperation policy by implementing the 'Agenda for Change'¹ e.g. within the development aid programming exercise 2014-2020. As a result the EU will focus its support on countries that are most in need and concentrate activities on maximum 3 sectors per country. The EU will also make increased use of innovative financial instruments and joint programming with EU Member States and other donors.

Progress has been made in the implementation of actions included in the EU Action Plan on Human Rights and Democracy. The EU has continued to actively support civil society organisations and specific human rights dialogues were held with over 20 countries. The EU deployed Election Observation Missions (for example in Kenya, Pakistan and Mali) to supported democracy and democratisation.

Within its Common Security and Defence Policy (CSDP) the EU launched two new missions, the EU Training mission in Mali and EU Border Assistant Mission in Libya. In total, the EU deployed more than 7 000 civilian and military personnel in 2013, in 12 civilian missions and four military operations.

As one of the world's leading humanitarian donors, the EU – its institutions and Member States – has throughout 2013 responded with determination to natural disasters, armed conflicts and protracted crises. The relief assistance provided by the European Commission alone amounted to over €1.3 billion and was implemented in more than 90 countries.

International cooperation is vital in the ever more challenging humanitarian landscape. Embracing the motto 'Acting together for those in need', the EU through the Commission is chairing the OCHA Donor Support Group (ODSG) in the period from July 2013 to July 2014. This is an important mechanism for humanitarian donor consultation on the activities of the United Nations' Office for Coordination of Humanitarian affairs (OCHA).

As a staunch supporter of multilateralism, the EU continued to work towards strengthening the United Nations (UN). The EU continued to focus on the promotion of international peace and security, sustainable development and human rights, democracy and the rule of law, as well as on the improvement of the effectiveness of the UN.

Within the framework on the UN General Assembly (UNGA) the EU contributed actively to several High Level Meetings with an impact on development, notably the Millennium Development Goals (MDGs) Special Event, the High level meeting on Disabilities and Development, the first meeting of the High Level Political Forum (HLPF) of Sustainable Development agreed at Rio+20, and the High Level Meeting on Migration and Development.

In view of the MDGs and reflecting on the post 2015 scenario, the European Commission released 'A decent life for all: ending poverty and giving the world a sustainable future'². The paper is advocating for a single overarching post 2015 framework bringing together development (MDG process) and environmental (Rio +20 process including the elaboration of Sustainable Development Goals) concerns.

¹ COM(2011) 637 final, 13.10.2011

² COM(2013) 92 final, 27.2.2013

The EU has at its disposal many external relations policies and tools that span diplomatic, security, defence, financial, trade, development and humanitarian aid, as well as the external dimension of EU internal policies to deliver the end result that Member States and the international community seek. This is the EU's main strength as an international actor.

In December 2013, the European Commission and the High Representative for Foreign Affairs and Security Policy adopted a Joint Communication on the EU's Comprehensive Approach to external conflict and crises³ with a view to further increasing its efforts to make its global action more coordinated, coherent and effective, drawing on the full range of its instruments and resources.

EU Children of Peace: Echoing the Nobel Prize into the future

Children are among the most vulnerable victims of conflict. Following the receipt of the 2012 Nobel Peace Prize for its achievements in peace on the European continent, the EU decided to dedicate the prize money to help girls and boys around the world who are deprived of the opportunity to grow up in peace. In Colombia, children benefit from a project that prevents child recruitment by armed groups. In South Sudan the funds are used to help children begin new lives following years of conflict. In Pakistan, the EU Nobel Prize initiative supports education and protection to children displaced by conflict. Altogether, over 28 000 girls and boys benefit from this initiative. In November 2013, the EU confirmed its decision to continue the 'Children of Peace Initiative' by announcing additional funds for new projects in 2014.

1. CHAPTER 1 - DELIVERING ON COMMITMENTS

1.1. EU response to world developments in 2013

During 2013 the EU continued to be fully engaged in efforts to support its partner countries in poverty reduction and sustainable development, as well as facilitate political and economic transition.

The EU's policy priorities towards Africa on the political and security side, that is promoting peace, democracy and stability, were increasingly balanced with efforts on the economic and global front in areas such as trade, investment and climate change.

Since the outbreak of new violence in late 2012 in Central African Republic (CAR), the EU has been at the forefront of international efforts to address humanitarian needs, stabilize the situation and restore a more stable government in the country. Commissioner Georgieva has visited the country twice in 2013. In mid-August the European Commission adopted a EUR 10 million stabilization programme in response to the post-coup crisis under the Instrument for Stability (IfS). The EU also granted EUR 50 million to the African-led International Support Mission in CAR (MISCA or AFISM-CAR).

The EU has been a long-time partner to Somalia, with more than EUR 1.2 billion provided since 2008 to support the Somali people's basic needs and improve security in the country. In September 2013, the land mark EU-Somalia Conference in Brussels endorsed a New Deal Compact for Somalia, and raised additional EUR 1.8 billion (of which EU contributions amounted to EUR 650 million) to implement the most pressing priorities for rebuilding the Somali State during the period 2013-2016.

³ JOIN(2013) 30 final, 11.12.2013

The International Donors Conference to help rebuild Mali, co-organised by the EU in May 2013, mobilised EUR 3.25 billion and deliberated on regional aspects with the conviction that Mali's development will contribute to the development and security of its neighbours and of the African continent.

Budget support in fragile situations: State-building contracts in Mali and Ivory Coast

A State Building Contract worth EUR 225 million for Mali was signed in May 2013 as part of the EUR 523.9 million aid package announced by the European Commission at the International Donor Conference, 'Together for a New Mali'. This budget support helps the government to ensure the provision of basic services and restore the rule of law for the country's whole population.

The State Building Contract for Ivory Coast worth EUR 115 million is a key component of the general EU strategy aimed at stabilising the country, restoring the State's authority and promoting inclusive growth. The most tangible results achieved so far include: the proper functioning of all Courts of First Instance in the country, in which civil and criminal hearings take place, and the proper functioning of 90 % of police stations in the country.

The EU has invested in building political relations with the African Union, ECOWAS (Economic Community of West African States), SADC (South African Development Community) as well as closer economic ties with EAC (East African Community). It has been engaged in finding solutions to political problems in countries under Article 96 of the Cotonou Agreement (Guinea, Guinea-Bissau, Madagascar, Zimbabwe); it has also sent election observation missions to Kenya, Mali and Guinea Conakry; electoral expert missions to Djibouti, Mauritania, Rwanda and Guinea Bissau; and has provided assistance to electoral processes in Libya, Tunisia, Mali, Zimbabwe, the Democratic Republic of the Congo (DRC), Burkina Faso, Madagascar, Kenya, Sierra Leone, Malawi, Zambia, Comoros, as well as to the Southern Africa Development Community Election Support Network (SADC-ESN) to prevent electoral violence in Southern African Countries. The EU and Eastern and Southern Africa (ESA consisting of Zimbabwe and the Indian Ocean nations of Mauritius, Madagascar and Seychelles) took steps to ensure the implementation of the Economic Partnership Agreement (EPA) in 2013. In addition negotiations continued with other sub-Saharan African regions marked by two visits by Trade Commissioner Karel de Gucht.

The EU has been involved in addressing the deepening polarisation in Egypt. EU assistance to Egypt has been reviewed following the difficult situation in the country and the outbreaks of violence following the ousting of President Mohammed Morsi. As mandated by the Foreign Affairs Council in August, EU assistance has focused on the socioeconomic sector benefiting people most in need, and in favour of support to civil society. The EU will observe the upcoming electoral cycle that starts with the referendum of the Constitution in January 2014.

On 24 June 2013, the High Representative and the Commission issued a joint communication proposing the main elements of a comprehensive EU approach to the Syria crisis. It also included an additional financial package of €400 million for 2013 to cover priority needs of affected population in Syria and the region.

Syria continued to be embroiled in an armed conflict that causes a humanitarian catastrophe impacting on the stability of neighbouring countries, in particular Lebanon and Jordan. The EU has played an important role in maintaining political dialogue with stakeholders to bring about a political settlement in Syria, and took an active role in the preparations for the peace conference in Syria (Geneva II). In 2013, the EU decided to modify its sanctions regime to the benefit of the Syrian population and the Syrian opposition while maintaining the pressure on the regime itself. The EU has actively supported the implementation of the United Nations Security Council (UNSC) resolution 2118 on the elimination of chemical weapons in Syria and has provided material support to the UN /

Organisation for the Prohibition of Chemical Weapons (OPCW) mission. The EU and its Member States remain the largest donors of humanitarian assistance (over EUR two billion) for the people affected by the conflict.

The EU has actively supported the implementation of the United Nations Security Council resolution 2118/13 and the Organisation for the Prohibition of Chemical Weapons (OPCW) Executive Council decisions on the elimination of chemical weapons in Syria and has provided contribution in kind (armoured cars, technical assistance amounting to close to 5 million EUR) to the Joint OPCW-UN Mission and a financial contribution of 12 million EUR to the Special Trust Fund through the IfS. In 2013 the EU and its Member States remained the largest donors of humanitarian assistance (over EUR 2 billion) for people affected by the Syrian conflict. It is estimated that about half of the beneficiaries of the Commission's humanitarian assistance are children.

The EU continued to encourage and support the on-going transition in Myanmar/Burma in 2013. The Joint Statement of President Van Rompuy, President Barroso and President U Thein Sein, issued during the Myanmar President's visit to Brussels, marked an important milestone in EU-Myanmar relations by establishing a vision to build a lasting partnership and contribute to plans for democratisation, national reconciliation and economic liberalisation. The EU Comprehensive Framework for Myanmar sets out the EU and Member States' goals and priorities towards building a lasting partnership and promoting closer engagement with the country. It is a collective effort involving actions by EU Member States and EU institutions to support peace, democracy, development and trade.

The EU worked closely with Pakistan in order to support the on-going reform of the electoral cycle in the country. An EU Electoral Observation Mission, led by Chief Observer Michael Gahler MEP, was established in the country for Pakistan's general elections in May 2013. The outcome of these historic elections were welcomed by the Council as marking a strengthening of democracy through the first ever successful handover from one civilian government to another in the country.

The Council conclusions of June reaffirmed the long-term commitment of the EU and its Member States to support Afghanistan during transition and the decade of transformation. The Council prolonged the mandate of the European Union Police Mission in Afghanistan (EUPOL AFGHANISTAN) in support of civilian policing and the rule of law until 31 December 2014. In 2013, the EU committed EUR 196.5 million to support local development and governance, credible and transparent elections, Afghanistan regional cooperation with its neighbours, the development of agriculture, and the police.

The EU is the world's largest donor for food and nutrition security and agricultural development, providing at least EUR one billion for food and nutrition security each year (not including emergency food aid in response to crises). EU support is aimed at fighting under-nutrition, increasing food availability and improving access to food for people who are at risk of hunger. In March 2013, a Communication 'Enhancing Maternal and Child Nutrition in External Assistance⁴' was adopted by the Commission, and endorsed by the Council in May. A key element of the Communication is the commitment to support partner countries to reduce stunting in children under five years old by at least 7 million in 2025. A Nutrition Action Plan describing the steps to be taken to attain this target is expected to be finalised by the first half of 2014.

1.2. Leading the way in development policy

⁴ COM(2103) 141 final, 12.3.2013

1.2.1. A more strategic approach: implementing the 'Agenda for Change'

The Foreign Affairs Council (FAC) in May 2012 endorsed the Communication 'Increasing the Impact of EU Development Policy: An Agenda for Change' which sets out a number of strategic measures that aim to further increase the impact of EU development policy on poverty reduction and improving results with respect to the MDGs.

To this end, the Agenda for Change proposes a series of major changes in the way EU assistance is delivered. These include, amongst others, a differentiated approach to ensure that grant aid is directed where it is most needed and can have the greatest impact in terms of poverty reduction; a focus on a maximum of three sectors per country; a priority focus on the areas of support for good governance, democracy and human rights, and inclusive and sustainable growth; greater use of innovative financing mechanisms; improved policy coherence and increased coordination and joint actions with Member States. More detail on this aspect is available in chapter 1, part 4.

The recommendations of the Agenda for Change have been integrated into the financial instruments for the period 2014-2020 and the European Development Fund (EDF). The differentiated approach has been applied for bilateral allocations within the context of the Development Cooperation Instrument (DCI)⁵ and the EDF. Bilateral aid to most upper middle income countries and certain large emerging economies, which have sufficient domestic resources to address poverty, will now be stopped or significantly reduced and new forms of partnership with these countries will be developed. The differentiation process has been based on the transparent use of internationally recognised indicators reflecting the criteria of needs, commitment, performance, capacity and potential EU impact. The results are encouraging with consequent transfer of resources from upper middle income countries to least developed countries.

The programming exercise on bilateral aid initiated in 2012 has made good progress. The programming documents prepared in close cooperation with partner country governments and EU Member States, and in wide consultation with civil society and private sector, were in an advanced stage at the end of 2013 for many partner countries. Although draft programme documents have not been finalised for each country, based on the preliminary analysis, the key principle of concentrating EU bilateral cooperation in three sectors is being applied, and helping to reduce existing fragmentation.

Further, the proposed sector choices present a strong focus on the two main areas of support defined by the agenda for Change, governance, human rights and the rule of law, and inclusive and sustainable growth. Energy and food security, education and health are now among the priority sectors in most countries to support inclusive and sustainable growth. Public Financial Management (PFM) reforms, justice sector reforms, security sector reforms, state building and democratisation are among the preliminary areas of intervention in support of governance goals.

A major effort has also been made to ensure that programmes complement each other and avoid duplication of interventions at different level of intervention (national, regional and global) and between different EU financial instruments.

In this area the EU and its Member States have also taken steps to improve coordination and joint programming is an important vehicle for change here (see chapter 1 part 4). Clear progress has been made and joint programming will now be taken forward in around 40 partner countries for the period 2014-2020. However continued support and commitment of all partners is essential to sustain the process and ensure continuing success. Within efforts to increase coordination and coherence, the EU and its Member States have made good progress on Policy Coherence for Development (PCD), as

⁵ Regulation (EU) No. 233/2014, OJ L 77, 15.3.2014, p. 44.

reflected in the EU 2013 report on PCD and also recognised by the Organisation for Economic Cooperation and Development (OECD) in its most recent PCD review.

The implementation of a firm commitment to improve reporting on results across all levels, at project and programme level, at country level and at an organisation-wide level, is gaining pace. A Commission Staff Working Document 'Paving the way for an EU Development and Cooperation Results framework'⁶ was issued in December 2013 in which the overall approach and a number of issues relating to the reporting framework that will bring together aggregated information on a number of key development results in one place was set out. This SWD will be followed by the further elaboration of the framework, which is to be adopted in the second half of 2014. This is to enable the Commission to proceed to a first reporting on the basis of this new framework in 2015. At a further stage the framework will need to be further developed to reflect the new international post-2015 development framework that is currently under preparation. Thus, EU aid will be aligned against some clear indicators allowing better monitoring and measurement of results. The results framework will set the overarching goals, as well as the specific outcomes and outputs it contributes to, and it will also show how aid is converted into real results. This effort of including measurable indicators in the programming documents will help to provide solid evidence of how EU aid contributes to partner countries' development results.

The approach to future EU budget support to third countries was endorsed by the FAC on 14 May 2012 and implemented. For further details see chapter 4 part 2.2.

To further strengthen policies in priority areas, the Commission issued specific communications in 2013 on 'A Decent Life for all: ending poverty and giving the world a sustainable future', on 'Enhancing Maternal and Child Nutrition in External Assistance: an EU Policy Framework' and on 'Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes'⁷.

EU support for sustainable change in transition societies'

In 2013, the European Commission and the European External Action Service (EEAS) have moved to implement the Joint Communication 'EU support for sustainable change in transition societies'⁸. In July, the Joint Communication and the Council Conclusions were sent to all EU Delegations for information and to follow up where relevant. The EU offers support to partner countries undergoing transition, both at bilateral and regional level. Given the varying levels of progress in different countries support is tailor-made, bearing in mind each country's specific political and socioeconomic contexts.

For example, in the southern European Neighbourhood transitions are increasingly complex and multidimensional and require a coordinated mobilisation of a wide range of EU instruments. The EU supports democracy-related reforms in the areas of justice, governance and human rights. Security has become a new area of cooperation as development cannot take firm root in the absence of peace and security. The EU further contributed to short-term security actions as well as to long-term support to develop institutional capacity for Security Service Reform. In addition, the EU further enhanced support to civil society, including support to create a conducive environment for the development of civil society organisations.

⁶ COM(2013), 530 final, 10.12.2013

⁷ COM(2013) 280 final, 15.5.2013

⁸ JOIN(2012) 27 final, 3.10.2012

At headquarters level, a platform for better sharing knowledge was set up as a new public group on capacity4dev⁹ and was made operational for the European Development Days in November 2013. This platform on transition will allow members of the group to find relevant information on EU support for sustainable change. Members of the group will also be allowed to share information on capacity4dev's blog pages.

1.2.2. Responding to global challenges and supporting long-term reforms

At least 20 % of the European Union budget for 2014-2020 will be spent on climate-related projects and policies, following the European Parliament's approval in November 2013 of the 2014-2020 EU budget (Multi-annual Financial Framework, MFF). The 20 % commitment triples the current share and could yield as much as EUR 180 billion in climate spending in all major EU policy areas over the seven year period. The EU's development policy will contribute to achieving the 20 % overall commitment, with an estimated EUR 1.7 billion for climate spending in developing countries in 2014-2015 alone. This is on top of climate finance from individual EU Member States. This budget highlights the EU's role as promoter of clean and competitive low-carbon economy supporting partner countries in their climate-resilient, low carbon development.

International climate negotiations and developing countries

The 19th Conference of Parties of the United Nations Framework Convention on Climate Change (UNFCCC COP) took place in Warsaw, Poland, in November 2013. The conference agreed a time plan for all countries to table their contributions to reducing or limiting greenhouse gas emissions under a new global climate agreement that will be adopted in 2015 and enter into force by 2020 at the latest. Efforts to deepen emission cuts over the rest of this decade will be accelerated, and a mechanism to address 'loss and damage' caused by climate change in vulnerable developing countries be established.

The Warsaw conference agreed to enhance the implementation of a range of measures, including finance to support developing countries, combating tropical deforestation, and transparency in reporting on emissions. The 'Warsaw international mechanism' aims to enhance action and support for loss and damage, improve knowledge and strengthen coordination. Efforts to reduce emissions from deforestation and forest degradation in developing countries (the REDD+ agenda) marked a major step forward with agreement on a package of decisions providing the necessary methodological framework. The 'Warsaw Framework for REDD+' largely completes the 'rulebook' for implementing REDD+.

Addressing the challenges in fragile and conflict-affected countries

Addressing the challenges of fragile and conflict-affected countries is a top priority for the European Union as outlined in the Agenda for Change amongst other policy initiatives. In December 2013, the Joint Communication from the High Representative and the European Commission on the EU's comprehensive approach to external conflict and crises presented proposals for how to strengthen the coherence, comprehensiveness and effectiveness of EU external action, with a particular focus on conflict and crisis situations. In October 2013 two internal joint guidance notes on 'Addressing conflict prevention, peace-building and security issues under external cooperation instruments', and the

⁹ <http://capacity4dev.ec.europa.eu/>

'Conflict Analysis in support of EU external action' were also issued and are contributing to a more conflict sensitive programming approach.

Special attention to fragile contexts was further demonstrated by the adoption of the new budget support guidelines, which offer the possibility to use State-building Contracts in transition countries, the possibility of using flexible procedures in crisis situations, the attention to fragility and crisis affected countries across the various policy documents issued, and training more than 180 people on engagement in fragile and crisis situations during 2013.

Since 2011 November, and the Launch of the 'New Deal for Engagement in Fragile States'¹⁰, substantial progress has been made in implementing the New Deal provisions at country level and through reforms. Policy dialogue on fragility and conflict has been strengthened with key international and strategic bilateral partners, as the EU is playing an active and role in the International Network on Conflict and Fragility and in the International Dialogue on Peace-building and State-building.

As regards country level implementation, the EU has taken the lead international partner in Somalia, in the Central African Republic (together with France) and has also offered its help to Timor Leste in support of Australia.

In September 2013, the first New Deal Compact was endorsed in Brussels, as a joint engagement of the Federal Government of Somalia and of the donor community on a set of priorities aligned with the five Peace-building and State-building Goals, accompanied by a mechanism for aid architecture and a mutual accountability framework. In Central African Republic the EU is supporting the stabilisation process and is preparing to co-sponsor the New Deal implementation once the situation allows. In Timor Leste EU interventions have strong state-building elements. The EU is a strong supporter of the New Deal also in countries where others have taken up the role of lead donor, such as in Liberia, Sierra Leone and, eventually, South Sudan. For more details please refer to the relevant countries in Chapter two.

The New Deal and its approach, which can be used as a framework also in non-G7+ countries and adapted to the local context, will continue to stay high on the agenda. In the ongoing programming exercise the EU is striving to ensure consistent and congruent links between the focal sectors of EU support and Peace- and State-building goals in the eighteen G7+ countries and beyond as well as aligning with the overall principles of the New Deal framework.

The work to take forward the principles and priorities of the EU's comprehensive approach will further strengthen the security-development nexus and contribute to state-building and peace-building.

Building resilience in crisis prone countries

In 2013, the EU stepped up efforts to build resilience in crisis prone countries. With the May 2013 Council Conclusions, Member States expressed strong support for the Communication of October 2012 'The EU Approach to Resilience: Learning from Food Security Crises'¹¹ that committed the European Commission to building resilience and established that increasing resilience will be a central aim of EU external assistance in countries that face recurrent crises.

Food and nutrition security has traditionally been the initial entry point for resilience. The resilience approach now incorporates fragility, natural hazards and the increasing impact of climate change, often in the context of rapid population growth and increased vulnerability. The Commission's Resilience Action Plan of June 2013¹² provides the framework for a continuation and scaling up of the

¹⁰ <http://www.newdeal4peace.org/>

¹¹ COM(2012) 586 Final, 03.10.2012

¹² SWD(2013) 227 Final, 19.06.2013

EU efforts to build resilience with an expanded geographical scope and operating at different levels: from policy and advocacy to tools and methods. It complements the promising results of the European Commission's resilience-boosting initiatives in the Sahel and the Horn of Africa, namely the 'Global Alliance for Resilience Initiative' (AGIR-SAHEL) and the 'Supporting the Horn of Africa's Resilience' (SHARE) Initiative. The Resilience Action Plan is also informed by the Global Climate Change Alliance (GCCA), an EU Initiative supporting most vulnerable countries to tackle climate change challenges and resilience (see Chapter three).

AGIR is led by regional organisations, including the Agriculture Commissions of the Economic Community of West Africa (ECOWAS) and the West African Economic and Monetary Union (WAEMU), and the Permanent Inter-State Committee for Drought Control in the Sahel (CILSS). The EU has been mobilising Technical and Financial Partners (TFPs) and other stakeholders, and providing both political and financial support. The EU has committed EUR 1.5 billion to strengthen resilience in West African countries for 2014-2020. The AGIR Regional Roadmap, providing a Regional Guidance Framework, was adopted in Paris on April 2013. Inclusive national dialogues were launched by AGIR's stakeholders at ministerial level in Abidjan on November 2013 and are expected to lead to the definition of Country Resilience Priorities (CRP-AGIR).

For SHARE, the EU committed EUR six million to the regional project on animal disease surveillance with the Intergovernmental Authority for Development (IGAD) and the African Union-Interafrican Bureau for Animal Resources (AU-IBAR), while EUR two million has been allocated for IGAD capacity building, including regional agricultural and livestock policies.

Future cooperation under the 11th EDF (2014-2020) with the majority of countries in the region will include a focus on agriculture and food security, providing a continuing basis for prolonged support to resilience activities.

In 2013, the EU's Intra-ACP strategy committed an additional EUR 100 million to put into operation the African Union Commission's Strategy for Disaster Risk Reduction (DRR) as well as to pursue the goals of the Caribbean Disaster Management Strategy. These initiatives, together with a EUR 20 million allocation to support Safety and Resilience in the Pacific, are now available to the sub-regions, countries and communities in the African, Caribbean and Pacific (ACP) most vulnerable to natural hazards. This further strengthens support launched in 2011 through the ACP-EU Natural Disaster Risk Reduction Programme. These initiatives will also build on the early achievements of a new EU project with the UN Office for Disaster Risk Reduction (UNISDR) to strengthen capacities for unified climate change adaptation (CCA) and DRR in approximately 40 countries in the ACP, Asia and Latin America. This project has received EUR seven million from the Thematic Programme on Environment and Sustainable Management of Natural Resources including Energy (ENRTP).

The resilience approach allows for more effective EU collaborative action, bringing together humanitarian assistance, long-term development cooperation and on-going political engagement. Ultimately, this approach is expected to lead to a reduction in humanitarian needs and more sustainable development gains, addressing food insecurity and disaster risks, particularly those associated with climate hazards.

1.2.3. Making a difference: new instruments and aid modalities

2007-2013: a strong legacy

Over the past few years, the EU and its Member States have provided more than half (56 %) of global aid to developing countries. To highlight a selection of notable achievement, the EU has provided aid to the poorest people in more than 150 countries worldwide notably through the Development and Cooperation Instrument (DCI) which has had a significant impact in Latin America, Asia, Central Asia, the Middle East and South Africa: regions that are home to 70 % of the world's people living on less than USD 1.25 per day.

In our immediate neighbourhood, a number of strategic developments have been successfully achieved with partners to the East and South of the EU's borders including the deepening of bilateral relationships, the launch of key regional initiatives and active support for democratic transition processes in our Southern Neighbourhood.

The results obtained through the external financing instruments during the last financial period have paved the way for new, improved and adapted tools.

2014-2020: new challenges require new and sufficient targeted resources

The new external financing instruments proposed by the Commission in December 2011 which provide the strategic tools for more effective and flexible action over the period 2014-20 have now been adopted by the Council and the European Parliament and will be implemented from 2014.

In a changing and globalised world that is affected by uncertainty and long term crisis, and where emerging economies like China, India and Brazil are asserting their influence, Europe must stand together and be an active partner in shaping global change. The external financing instruments funded by the EU budget and the European Development Fund will ensure that the EU can speak with a united and stronger voice and promote poverty reduction, democracy, peace solidarity, stability and prosperity, both in our immediate neighbourhood and across the world.

Pursuing the external strategic objectives of the Europe 2020 strategy¹³, the new instruments translate, into operational terms, the priorities of the Agenda for Change and of the new vision for the European Neighbourhood Policy. Four policy priorities are at stake: enlargement, neighbourhood, cooperation with strategic partners, and development cooperation. With regards to the latter, the overall priority remains to help the poorest in the world and work towards achieving the Millennium Development Goals (MDGs) and contribute to a global agenda for sustainable development post-2015.

Over the period 2014-2020 the total amount in current prices, for the six following external relations instruments is EUR 51.4 billion: Development Cooperation Instrument¹⁴: EUR 19.6 billion; European Neighbourhood Instrument¹⁵: EUR 15.4 billion; Instrument for Pre-Accession Assistance (IPA II)¹⁶: EUR 11.7 billion; Instrument contributing to Stability and Peace¹⁷: EUR 2.3 billion; European Instrument for Democracy and Human Rights¹⁸: EUR 1.3 billion; and Partnership Instrument¹⁹: EUR 0.9 billion.

In addition, the Instrument for Nuclear Safety Cooperation²⁰ and the Instrument for Greenland²¹, both adopted by the Council, will respectively provide EUR 0.22 billion and EUR 0.19 billion from the EU budget.

¹³ http://ec.europa.eu/europe2020/index_en.htm

¹⁴ Regulation (EU) No. 233/2014; OJ L 77, 15.3.2014, p. 44.

¹⁵ Regulation (EU) No. 232/2014; OJ L 77, 15.3.2014, p. 27.

¹⁶ Regulation (EU) No. 231/2014; OJ L 77, 15.3.2014, p. 11.

¹⁷ Regulation (EU) No. 230/2014; OJ L 77, 15.3.2014, p. 1.

¹⁸ Regulation (EU) No. 235/2014; OJ L 77, 15.3.2014, p. 85.

¹⁹ Regulation (EU) No. 234/2014; OJ L 77, 15.3.2014, p. 77.

²⁰ Regulation (Euratom) No. 237/2014; OJ L 77, 15.3.2014, p. 109.

²¹ Council Decision 2014/137/EU; OJ L 76, 15.3.2014, p. 1.

A further EUR 30.5 billion will be made available for cooperation with African, Caribbean and Pacific countries as well as Overseas Countries and Territories through the 11th European Development Fund, which will remain outside of the EU budget over the next period.

Overall funding for all external instruments including all those mentioned above totals EUR 96.8 billion.

What are the main changes?

The EU will seek to target its resources where they are needed most and where they can have most impact. This more differentiated approach to partnerships and aid allocation driven by the specific country context will be a core principle of the new Development Cooperation Instrument and European Neighbourhood Instrument. With the new Development Cooperation Instrument, the partner countries most in need, in particular the least developed countries, will be given priority.

Compared to the 10th EDF (European Development Fund) the amount of the 11th EDF remains stable. The main areas of change were to insert changes foreseen by the second revision of the Cotonou agreement (such as creation of regional envelopes for unforeseen needs and a new shock absorbing scheme), as well as to align as much as possible the 11th EDF Implementation and Financial Regulations with the other financial instruments of EU development cooperation.

With the new European Neighbourhood Instrument an incentive based approach, which is one of the key aspects of the renewed Neighbourhood policy, will allow the EU to adapt its support for partner countries who are genuinely implementing deep and sustainable democracy, including respect for human rights, and agreed reform objectives.

When it comes to strategic emerging economies, the EU will focus primarily on partnerships in areas of mutual interest and will seek to more effectively promote its own strategic interests.

Differentiation also means a flexible use of implementation methods. Innovative financial instruments such as blending – the combination of grants and loans or equity to enable investments – will help graduating partner countries to tap into capital markets and close financing gaps in the poorest countries.

The EU will have a greater focus on human rights and will provide more support to democracy and good governance, mainly through the new European Instrument for Democracy and Human Rights that will better support the development of thriving civil societies.

The EU will also concentrate external spending in 3 sectors to ensure large-scale impact resulting from sectorial dispersion and aid fragmentation and will aim for donor-recipient mutual accountability in allocating and disbursing funds.

The programming of the DCI, EDF and ENI will ensure that the 'Agenda for Change' will be implemented. The key principles set out in the 'Agenda for Change' – namely prioritisation, concentration, differentiation and EU coordination – will continue to inform the programming process through the different instruments of the 2014-2020 Multiannual Financial Framework (MFF) and the European Development Fund (EDF).

The European Parliament will be involved in the setting of priorities for EU external cooperation prior to the programming of the external financial instruments. The Commission will conduct an informal strategic dialogue with the European Parliament in the preparation of its programming documents.

Finally, the new instruments will allow more flexibility to further increase the EU's capacity to respond to unforeseen events and simplified rules and procedures for programming and delivering assistance will be more effective.

1.3. Keeping long-term promises

1.3.1. Progress in achieving the Millennium Development Goals (MDGs) and preparation of the post-MDG framework

Poverty, hunger and nutrition

The global target of halving the number of people living in extreme poverty of the MDGs was met five years ahead of the target completion date of 2015. And yet poverty remains a global issue with 1.2 billion people still living below the poverty line.

Between 2007 and 2012, the employment rate for the global working-age population increased from 60.3 to 61.3 %. In order to promote inclusive growth that enables the poorest to participate in income generation activities, the EU assistance has benefited 8.8 million people and helped to provide 7.7 million people with Technical and Vocational Education between 2004 and 2012.

Enhancing social protection systems worldwide

In 2013 the EU launched a peer-to-peer technical assistance facility (SOCIEUX²²) seeking to enhance the capacities of partner countries to better design inclusive, effective and sustainable social protection systems and to extend social protection coverage to poor and vulnerable populations.

In 2013, the International Community stepped up its efforts to tackle malnutrition and ensure food security. A series of high level events culminated in commitments from donors and partner countries to increase funding to fight hunger and malnutrition. The Scaling Up Nutrition (SUN) movement, of which Commissioner Piebalgs is an active member, was instrumental in raising awareness on nutrition. The EU coupled its policy commitment to support partner countries in reducing stunting of 7 million children by 2025 with the announcement that EUR 3.5 billion will be allocated to this issue between 2014 and 2020.

Education

Progress in primary school enrolment has been remarkable, with the global average net enrolment rate reaching 91 % in 2011. However, large disparities between countries persist. 57 million primary-aged children remain without access to education: the majority of these children are girls.

In the programming period 2007-13, the EU supported education and training in 42 countries as a focal sector with EUR 2.9 billion. EU higher education programmes were supported with EUR 1.3 billion. Between 2004 and 2012, it is estimated that the EU contributed to the enrolment of 13.7 million children in primary education and to the training of 1.2 million teachers.

More inclusive education in Bangladesh

Through the Supporting the Hardest to Reach Children through Basic Education (SHARE) initiative, the EU provides basic education to hard-to-reach children. During its first year in 2010, 137 000 boys and 144 000 girls were enrolled in the programme, almost 5 000 non-formal primary schools were established and 5 600 teachers recruited and trained. By 2018, more than 650 000 children are expected to have completed pre-primary education through this initiative.

²² http://ec.europa.eu/europeaid/what/social-protection/socieux_en.htm

A high-level Conference on Education and Development was successfully organised in May 2013 and made an important contribution to the education debate. The Commission remained active in the Global Partnership for Education as well as the Association for the Development of Education in Africa to promote education policy dialogue between African partners and donors.

Culture

Culture continues to be supported as a cross-cutting dimension of human and socioeconomic development, social inclusion, freedom of expression as well as of democratisation and peace building processes. The EU and the Member States are parties to the UNESCO 2005 Convention on the Protection and Promotion of the Diversity of Cultural Expressions and the EU is promoting its ratification beyond the EU through its external policies. In particular in developing countries the European Commission is supporting cultural diversity and the role of civil society in human rights and governance policies. The Commission is also implementing a preparatory action on strengthening the role of culture in external relations, with a focus on Neighbourhood countries and EU strategic partners.

Gender equality

While progress has been made in terms of eliminating gender disparities in education, women's position in economic, traditional and cultural circles is often weak and their freedom limited.

The EU continues to give special attention to access to education for girls, helping 300 000 female students enrol in secondary education. In addition, almost 13 000 female higher education students have taken part in EU mobility schemes such as Erasmus Mundus.

The EU also works to improve women's economic and social status by promoting equal rights for women and men and by ensuring that women have control over and access to resources. The EU supports women's political participation, for example facilitating their contribution in peace and statebuilding processes. As an example, between 2004 and 2012, the EU supported 736 civil society organisations to work on gender equality issues.

Health

There is good progress towards the health-related MDGs with significantly less children and women dying due to preventable causes. Global HIV infections are declining. However, achievements are often not evenly distributed both with countries and across regions.

The EU provided comprehensive health sector support to 42 developing countries during the 2007-2013 period. Thanks to EU support at country level, an additional 18.3 million children were vaccinated against measles between 2004 and 2012. Also, over this period, the EU made it possible for 7.5 million births to be attended by skilled health personnel.

Basic health for all in Afghanistan

Since 2001, the EU has committed EUR 341 million to the health sector in Afghanistan, including a government-led Basic Package of Health Services (BPHS) and an Essential Package of Hospital Services (EPHS). These serve 10 provinces in Afghanistan including some of the most insecure and neglected areas of the country. The number of health facilities supported by the EU in the 10 districts has increased from 292 in 2008 to 406 in 2012; the services they provide reach a total of over 5.2 million people.

The EU supported the International Health Partnership in promoting the harmonisation and alignment of health support to one national health strategy, one health budget and one monitoring framework. It

also provides support through international funds such as the financial support given to the Global Fund to Fight AIDS, Malaria and Tuberculosis; Global Polio Eradication Initiative; and the Global Alliance for Vaccines and immunisations.

Environmental sustainability

The EU supports partner countries to manage natural resources sustainably. Between 2004 and 2012, it helped protect 1.9 million km² of forests and enabled the continued conservation of 1.1 million km² of protected areas. In 2013, the EU led internationally recognised initiatives on environmental sustainability for example through the Global Climate Change Alliance (GCCA) which supported over 48 programmes in eight regions and the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan

Energy

Around the world about 1.4 billion people have no access to electricity and almost three billion people rely on solid fuels, such as traditional biomass and coal, for cooking and heating. As commitment to the UN's Sustainable Energy for All initiative, the EU set itself the target of enabling access to sustainable energy for 500 million people by 2030.

In 2013, the EU supported energy generation projects throughout the developing world through its blending facilities. In Sub-Saharan Africa, EUR 400 million has been allocated under the EU-Africa Infrastructure Trust Fund (ITF) to leverage significant investments of EUR 4 to 8 billion. Initiatives such as the EU's Technical Assistance Facility worth EUR 80 million is available to assist partner countries in refining and developing their policies so that they can attract the necessary private investments to develop a sustainable energy sector.

Water and Sanitation

The MDG target to halve the proportion of people without access to clean drinking water was reached five years ahead of the 2015 deadline.²³ This achievement reflects the concerted effort of the international community, to which the EU made a prominent contribution. Since 2004, the EU assistance has helped to connect 70.2 million people to drinking water and 24.5 million people to sanitation facilities.

²³ 'Progress on Drinking Water and Sanitation 2012' produced by the WHO/UNICEF Joint Monitoring Programme for Water Supply and Sanitation (<http://www.wssinfo.org/>)

The EU MDG Initiative

Globally, huge advances had been made on the MDGs by 2010. However, ten years after they were agreed, many countries are still far away from achieving some MDGs. The EU therefore created a new MDG Initiative, making available needs-based and performance-based funding, worth EUR 1 billion. Of this EUR 700 million targets the most off-track MDGs, such as hunger, maternal health, and child mortality, while EUR 300 million targets countries with a good track record in implementing aid. To date the MDG Initiative has funded 70 projects in 46 countries.

The post-2015 framework

Looking at the development framework after the MDGs have crossed their finish line in 2015, the EU has been strongly involved in the international discussions on the post-2015 development agenda. Based on the Commission Communication 'A Decent Life for All: Ending poverty and giving the world a sustainable future'²⁴ launched in February 2013, EU Member States agreed on a common position that, amongst others, guided negotiations at the 2013 UN Special Event on MDGs as well as the on-going discussions in the Open Working Group on Sustainable Development Goals (SDGs).

In order to set its future work on a solid basis and to enhance the voice of the public in the process, the EU organised the 2013 European Development Days 'A Decent Life for All By 2030: Building Consensus For a New Development Agenda'²⁵ which enabled an open and constructive dialogue among policy-makers, civil society, research organisations and the private sector from developed and developing countries.

1.3.2. Focusing on poverty

The Lisbon Treaty puts fighting poverty at the core of the European external and development policies. The EU remains committed to poverty reduction and in particular to the achievement of the MDGs. The EU and its Member States collectively provide more than half of global official development assistance ODA and remain the largest supporter of developing countries in achieving the MDGs, despite the constraints posed by the present economic crisis. The EU contributes to poverty reduction through strengthening access to basic services such as health and education, enhancing institutional capacity and improving sector policies. It also supports partner countries' efforts in improving their governance and public financial management systems for more effective service delivery. It also continues to invest in infrastructure in order to contribute to the long-term economic growth and job creation that is needed to reduce poverty.

Progress in reducing poverty

All partner countries in Eastern Europe and the Caucasus covered by the European Neighbourhood and Partnership Instrument (ENPI) are now classified as Middle-Income Countries (MICs). While poverty in the region has been reduced, social inequality and exclusion are still increasing at country and regional levels. Although the Republic of Moldova (hereafter 'Moldova') has been reclassified as a low-middle income country it remains Europe's poorest country. EU assistance in the Eastern Neighbourhood countries has contributed to poverty reduction through sector budget support operations focused on agriculture and rural development as well as through regional development

²⁴ COM(2013) 92 final, 27.2.2013

²⁵ <http://eudevdays.eu/theme/a-vision-for-the-post-2015-agenda>

programmes which support sustainable economic development and job creation. Mediterranean countries covered by the ENPI also have to cope with poverty (all of these countries, apart from Israel and Palestine²⁶, belong to the MIC category) and policy reforms undertaken during the regions' transition processes should enable poverty eradication. Consequently the EU has fully supported reforms through bilateral and regional cooperation programmes that have had direct and indirect impact for poverty reduction: for instance in the area of socioeconomic reforms in Tunisia or agricultural and rural development in Algeria. Assistance has been allocated to reduce the consequences of the Syrian refugee crisis and also to Palestine, where 25 % of the population lives below the poverty line.

The political and security situation worsened during 2013 in both Iraq and Yemen despite some positive signals such as the finalisation of the Iraqi National Development Plan and progress observed in the Yemeni National Dialogue Conference. However the general poverty situation in both Iraq and Yemen remains a key challenge. More than 18 % of the Iraqi population lives below the poverty line and in Yemen most MDG indicators have worsened in the aftermath of the 2011 crisis. The EU addresses these challenges by striving to improve governance in Iraq and facilitate the delivery of basic services in Yemen.

Sub-Saharan Africa has managed to cope with the recent global economic crisis better than expected and its growth rates are above pre-crisis levels. As a result, many African countries have made progress towards the MDGs, especially with regards to poverty reduction: about 700 million people were lifted out of extreme poverty between 1990 and 2010. However, serious challenges remain. With less than 1 000 days until the 2015 target for reaching the MDGs, it is important that progress is sustained and accelerated. Indeed, about half of the population of Africa still lives on USD 1.25 a day or less, and development progress often fails to reach those most in need and the most vulnerable groups. Another challenge for Africa is weak governance and institutions in partner countries. Adequate structures need to be put in place to maintain Africa's development trajectory beyond the MDG target timeline of 2015.

While Asian economies have shown remarkable recent growth, poverty is still widespread on the continent. Most countries in the region face challenges due to uneven regional development. Moreover, increasing income inequality is a matter of concern. EU cooperation through the Development Cooperation Instrument focuses mainly on governance, education and health, food security, rural development, climate change, environmental protection and trade integration, all of which have beneficial effects on reducing poverty and achieving the MDGs.

All the countries in the Pacific region have now attained at least lower middle income category. Several are rich in natural resources and some are now candidates for graduation from development assistance. The distribution of wealth is, however, uneven within most Pacific Island nations and malnutrition is a problem in the Solomon Islands and Timor-Leste. Safeguarding sustainable forestation, energy access, fisheries, raw materials extraction, trade and tourism are core issues for many Pacific Island countries. Moreover, democratic structures, including women's rights and civil society, require particular attention.

The Central Asia region has met the MDG target to reduce poverty by half and almost met the target of halving hunger. The proportion of undernourished people has decreased from 13.9 % in 1990 to 7.4 % in 2012. However, income inequalities and poverty remain widespread in the region. Key challenges include unemployment, risks to water and food security, and the cost of health care and energy - the latter affecting low income households in particular. To address these challenges, the EU support in the region focuses on supporting economic development in rural areas, improving access to

²⁶ This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue

social protection and health services, introducing sustainable energy development and environmental protection including the management of water resources.

2013 witnessed the graduation from EU financial support for a number of Latin American and Caribbean countries that have reached a middle or high income status. After a decade of economic progress, however, the global economic and financial crisis and the rising cost of food and energy have slowed the macroeconomic performance of the region. In absolute terms, poverty remained stable in 2013 compared to 2012. However, the number of extreme poor reached 68 million in 2013 which represents a slight increase on 2012. Even though inequality in income distribution has been reduced, this issue also remains one of the region's main challenges.

Haiti remains the poorest country in this region. It is estimated that 78 % of Haitian population live on less than USD two a day and that more than half live in extreme poverty (less than USD one per day), with these figures increasing in rural areas. The new EU policy of concentrating efforts on the poorest countries of the world has guided the design of cooperation strategies under the 11th EDF with the poorest countries, and with Haiti in particular. These strategies are expected to significantly reduce poverty and inequalities in the region.

1.3.3. Financing for development

The Commission continued to mobilise the EU and Member States to act as one on financing for development and promote a comprehensive and integrated approach to all financing sources and objectives. The Commission Communication 'Beyond 2015: towards a comprehensive and integrated approach to financing poverty eradication and sustainable development'²⁷ put forward possible elements of a common EU approach to financing beyond 2015, advocating an integrated approach to all resources and processes. Supported by the Council Conclusions of December 2013²⁸, the EU approach has been a strong contribution to the international discussions on the financing of the development agenda including beyond 2015.

Accompanying the Communication, the 11th annual EU Accountability Report consolidated reporting on progress against commitments, and provided transparency for the EU and Member States' actions in support of financing for development. The Report covered all aspects of development finance as framed by the Monterrey Consensus and the Doha Declaration. It showed that mobilising more development financing from all available sources was a necessary, but not sufficient, condition to fight poverty and foster development. It also showed that the EU's contribution to supporting developing countries went far beyond its ODA.

The EU and Member States have made substantial progress on its commitments concerning private investment, trade, finance relating to climate change adaptation and mitigation, Science, Technology and Innovation (STI) and innovative financing sources and instruments. Moderate progress has been made on the commitments concerning domestic resource mobilisation, debt sustainability, remittances, biodiversity protection and development effectiveness. At the same time, the EU and Member States have still some way to go to reach its collective and individual ODA targets by 2015. The EU's collective ODA amounted to a total of EUR 56.5 billion in 2013, corresponding to 0.43 % of combined Gross national Income (GNI). Collectively the EU remains the world's largest donor, providing more than half of total ODA.

In light of international developments, and building on the constructive and open dialogue with all stakeholders on post-2015 financing and reporting, the Council has agreed that the position of the EU

²⁷ COM(2013) 531 final, 16.7.2013

²⁸ 17553/13

and its Member States' on financing and other means of implementation will be further defined and adapted, including on policy coherence, illicit flows and synergies between funding streams.

1.3.4. Policy Coherence for Development and some/selected related policies

Policy coherence for development

As the EU is a major global actor, its policies can have a strong impact, positive or negative, on developing societies and economies. The Lisbon Treaty requires the European Union to take the objectives of development cooperation into account in all its policies. Besides making an effort to avoid negative impacts by identifying the most damaging consequences of policies and, where possible, amending them, this also entails looking for synergies between the objectives of EU development policies and other EU policies to make them more effective for both EU and developing societies and economies. This principle is referred to as Policy Coherence for Development (PCD)²⁹.

The Commission issued a PCD work programme to guide efforts in promoting PCD across EU policies for the period 2010–2013. The work programme included goals and targets covering the five priority challenges for PCD: trade and finance, food security, climate change, migration, and security. For each of these challenges, the Commission promoted discussion between non-development and development policy areas in order to attempt to integrate development objectives, the realities of developing countries and the interests and potential impacts of EU policies on developing countries, better into account in EU policy-making.

In 2013, the European Commission published its fourth biennial EU 2013 Report on PCD³⁰ which was launched during the European Development Days in November. The report, comprising references to various external studies and assessment, highlighted the EU's leading role in promoting PCD and showed growing interest and political will to promote PCD in Member States and EU institutions beyond the Commission. The report presented many good examples of PCD and pointed out some of the remaining challenges where more progress is needed.

The Council Conclusion³¹ was adopted in December 2013. The Conclusions reaffirmed the Council's commitment to PCD and called for more regular political and thematic discussions in FAC on development. The Conclusions also called on the Commission to continue developing a stronger evidence base for PCD and encouraged further strengthening of PCD, both within the EU and beyond, particularly in the Post-2015 Development Agenda. Furthermore, the Standing Rapporteur for PCD in the European Parliament announced a draft resolution on the EU 2013 Report. This follow-up process is important for ensuring shared ownership of and commitment to PCD among EU institutions and Member States.

In order to inform policy-making and strengthen the evidence base for PCD, in July 2013, the Commission and EEAS requested Heads of most EU Delegations to provide a first report on PCD-specific country level feedback. These reports were expected in January 2014 and will provide input on the impact of EU policies on a country level basis on PCD processes and initiatives and allow for identifying EU priorities for further progress.

²⁹ Article 208 of the TFEU

³⁰ SWD (2013) 456 final, 31.10.2013

³¹ Council Conclusions from 12 December 2013
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/140063.pdf

The Commission actively supports progress on measuring PCD through studies to measure the impacts of EU policies on developing countries. For instance, in 2013 the Commission published a study assessing the impacts of biofuel production in developing countries from a PCD perspective³². In 2013 the Commission also launched an external study to assess the impact of EU trade policies on developing countries (expected to conclude in Q2 2014). Under the Horizon 2020 framework the Commission launched a call for research to progress the measurement of PCD including evaluating the cost of incoherencies and develop appropriate targets and indicators. Furthermore, exchanges on measuring the development friendliness of policies and their impacts on developing countries have been conducted with EU Member states, the OECD and with relevant policy think tanks.

To raise awareness and promote good practice of PCD public information and communication work included frequent exchanges with civil society and participation in conferences and seminars. The Commission is providing PCD trainings for its own staff and this training is also open to Member States.

Some/selected related policies

Higher education plays a crucial role in producing high quality human resources, in disseminating scientific discovery and advanced knowledge through teaching and educating future generations of citizens, high level professionals and political leaders, who in turn can contribute to better governance, socioeconomic development and cohesion.

The new Erasmus+ programme will contribute to this strategy by offering a balanced mix of actions through two types of mobility actions which will have an impact on the personal development and employability of students and also a structured and sustainable impact on universities and a capacity building action working at both institutional level and on the national systems.

The new Horizon 2020 Marie Skłodowska-Curie Actions will support the career development and training of researchers, with a focus on innovation skills in all scientific disciplines through worldwide and cross-sector mobility.

Furthermore, young people and volunteers from partner countries will be able to participate in projects, youth exchanges and volunteering activities which aim to foster the active participation of youth in society and target young people with limited opportunities.

Research and innovation are means to foster development by enhancing human potential and infrastructures as well as developing new services and products. In addition, research provides evidence in support of development policies.

The communication on 'Enhancing and focusing EU international cooperation in research and innovation: A strategic approach'³³, adopted by the Commission in 2012, sets "supporting the Union's external policies" as one of its three main objectives. As foreseen in this communication, roadmaps for further cooperation in research and innovation with key countries and regions started being developed in 2013 and will be finalised in 2014.

DG Research and Innovation continued to invest, through the Seventh Framework Programme (FP7, 2007-2013), in cooperation between researchers in Europe and developing countries that contribute to the achievement of the Millennium Development Goals (MDGs) and other International Commitments

³²http://ec.europa.eu/europeaid/what/development-policies/documents/biofuels_final_report_assessing_impact_of_eu_biofuel_policy_pcd_22022013_en.pdf

³³ COM(2012) 497 final, 14.9.2012

such as Rio+20. FP7 has channelled about EUR 192 million for STI projects with over 960 participants from developing and emerging countries within the framework of 325 Specific International Cooperation Actions (SICAs)³⁴. SICAs are aimed at encouraging the participation of countries that lack capacity to participate in other topics of the general FP7 Cooperation programme. This is out of a total of EUR 330 million granted in FP7 to more than 2 500 researchers in developing countries from Africa, Asia, Latin America and the Southern Mediterranean region participating in more than 1 500 collaborative projects with European researchers.

Under Horizon 2020 (2014-2020), the new EU Framework Programme for research and innovation, developing countries will continue to participate through the principle of general opening. They will also remain eligible for automatic funding in selected proposals. Moreover, developing countries will benefit from targeted initiatives under various calls under Societal Challenges and Enabling Technologies in Horizon 2020. The first calls for Proposals under Horizon 2020 were launched on 11 December 2013.

1.3.5. Strengthening human rights and good governance

The EU has continued to strive to place human rights and democracy at the centre of its activities. Progress has been made in implementing actions included the EU Action Plan on Human Rights and Democracy. Highlights include completion of a worldwide network of human rights and democracy focal points, progress on economic social and cultural rights, a rights based approach in development (which was incorporated in the Multiannual Financial Framework 2014-2020 and notably in the Development Cooperation Instrument (DCI), and is being taken into account during the actual development aid programming exercise), revised guidelines on the death penalty, children and women's rights, as well as establishing guidelines for LGBTI (Lesbian, gay, bisexual, transgender and intersex) people and FoRB (Freedom of Religion or Belief) issues. Political dialogue, including under the Cotonou Agreement, played an increasingly key role in promoting respect for human rights. Throughout the year the EU has continued to actively support civil society organisations and specific human rights dialogues were held with over 20 countries. In addition the work of the EU Special Representative for Human Rights has enhanced coherence and visibility of human rights in the EU's foreign policy.

The EU has continued to be a committed actor on human rights at the UN, contributing towards building and defending strong standards and mechanisms for the promotion and protection of human rights at the UN. In particular the EU actively participated in the work of the Human Rights Council and the UN General Assembly and presented several initiatives on particular countries of concern as well as important thematic issues.

In 2013, EU continued to support electoral processes around the globe by sending Election Observation Missions (EOMs) and Electoral Expert Missions (EEMs) as well as providing electoral assistance, and support to domestic election observers. EOMs were deployed to Jordan, Kenya, Paraguay, Pakistan, Mali, Guinea Conakry, Madagascar, Kosovo, Nepal and Honduras. EEMs were sent to Bhutan, Cambodia, Togo, Swaziland, Rwanda, Maldives, Zimbabwe and Mauritania.

Among the actions included in EU Action Plan on Human Rights and Democracy is the completion of work on nine pilots developing new methods of work in support of democracy and democratisation. These pilot countries were Bolivia, Ghana, Benin, Indonesia, Mongolia, Solomon Islands, Kyrgyzstan, Maldives, and Lebanon. The work was done jointly by EEAS, DG Development and Cooperation (DEVCO) and EU country delegations and focused on the six action areas identified in Council conclusions from 2009: coherence, coordination, dialogue, country-specificity, partnership,

³⁴ SICAs under FP7 are international cooperation instruments for undertaking research dedicated to third countries where there is mutual interest with the EU on the basis of both the scientific and technical (S&T) level and the needs of the countries concerned.

international cooperation, mainstreaming, and visibility. Clear deliverables for each country were a democracy profile and a democracy support action plan. To the extent that the local context permits, work is ongoing to deepen cooperation between the EU, EU Member States, the partner governments and other key actors. A second generation of pilots was launched towards the end of 2013 that build on the results of the first tranche and aiming for a global roll-out of the initiative by the end of 2015.

The European Endowment for Democracy, a joint project by the EU and its Member States, became operational in 2013. The European Endowment for Democracy assists pro-democratic civil society organisations, movements and individual activists acting in favour of a pluralistic multi-party democratic system regardless of their size or formal status.

1.3.6. Mainstreaming of cross-cutting issues

Environment and climate change

The 'Agenda for Change' stipulates that "EU development policy should promote a 'green economy' that can generate growth, create jobs and help reduce poverty by valuing and investing in natural capital". In line with this commitment, and building on the outcomes of Rio+20, the Commission has initiated measures to promote a transformation towards a green economy in partner countries through the development of new training modules and the organisation of awareness raising workshops. A paper outlining the approach to integrate the green economy into the EU's development and cooperation programmes is being prepared and should be finalized by the end of 2014.

Climate change remains an important cross-cutting issue in the EU's development assistance and efforts have continued and enhanced to integrate and mainstream actions for reducing greenhouse gas emissions and to adapt to the impacts of climate change across the portfolio of programmes and initiatives. Training workshops and regional seminars for EU delegations were organised to train staff on the integration of environment and climate change in development and cooperation and on the green economy. In 2013, a new course was introduced for EU staff on country-led environmental and climate change mainstreaming. This course built on the successful experience of the GCCA in training over 200 senior officials from Ministries of Finance, Planning and Environment around the world in an effort to catalyse the mainstreaming of climate issues in national planning and budgeting process.

On the other hand, it is increasingly acknowledged by the international community that conserving healthy natural ecosystems and averting global biodiversity loss are key to ensuring sustainable development and human well-being. EU development and cooperation is fully committed to pursuing this goal and therefore continues its efforts to properly address the biodiversity-poverty eradication linkage. This way, it contributes to the EU's biodiversity strategy to 2020, in particular target 6, as well as the Convention on Biodiversity CBD Strategic Plan for biodiversity 2011-2020 and the Aichi Targets³⁵. The launching of the 'Biodiversity for Life' flagship initiative provides the conceptual framework able to address these biodiversity challenges and to deliver on the Hyderabad commitment to double international funding for biodiversity in developing countries by 2015.

The Commission measures aid that contributes to meeting the objectives of the three Rio Conventions' objectives on biodiversity, climate change and desertification using the 'Rio marker' system. This system relates to the reporting to the OECD's Development Assistance Committee (OECD DAC) through its Creditor Reporting System database. Based on this tracking it is estimated that around to EUR 900 million were committed to climate change activities and EUR 300 million to biodiversity activities in 2013.

³⁵ <https://www.cbd.int/sp/>

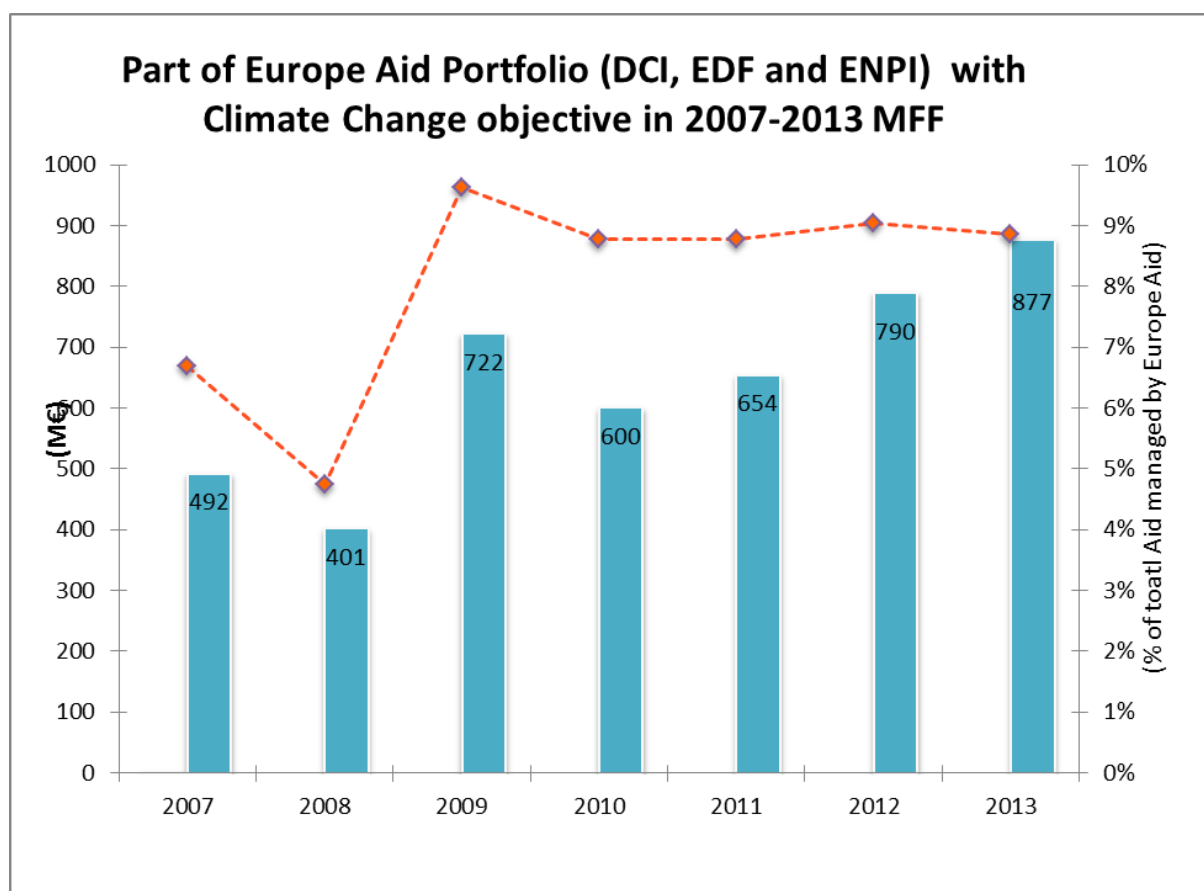
The tables below show the variation in the proportion of EU's development assistance that related to climate change and biodiversity during the 2007-2013 Multi-annual Financial Framework.

Year	Total (revised)	Total portfolio (M€)	% of Total portfolio
2007	492,075,527	7,350,000,000	6.7%
2008	401,483,928	8,480,000,000	4.7%
2009	722,290,336	7,497,000,000	9.6%
2010	600,215,920	6,843,000,000	8.8%
2011	653,935,708	7,454,000,000	8.8%
2012	790,917,567	8,735,000,000	9.1%
2013	876,040,105	9,948,300,000	8.8%
2007-2013	4,536,959,092	56,307,300,000	8.1%

Year	DCI (revised)	DCI total	% of DCI total
2007	125,323,161	2,195,000,000	5.7%
2008	281,960,958	2,321,000,000	12.1%
2009	265,382,758	2,419,000,000	11.0%
2010	257,307,920	2,462,000,000	10.5%
2011	357,427,070	2,591,000,000	13.8%
2012	315,089,600	2,697,000,000	11.7%
2013	220,920,000	2,715,400,000	
2007-2013	1,823,411,467	17,400,400,000	10.5%

Year	ENPI (revised)	ENPI total	% of ENPI total
2007	161,626,400	1,666,000,000	9.7%
2008	63,260,741	1,634,000,000	3.9%
2009	38,993,272	1,576,000,000	2.5%
2010	93,600,000	1,735,000,000	5.4%
2011	123,241,494	1,976,000,000	6.2%
2012	236,130,750	2,312,000,000	10.2%
2013	232,509,903	2,486,700,000	9.4%
2007-2013	949,362,560	13,385,700,000	7.1%

Year	EDF (revised)	EDF	% of EDF portfolio
2007	205,125,966	3,489,000,000	5.9%
2008	56,262,230	4,525,000,000	1.2%
2009	417,914,306	3,502,000,000	11.9%
2010	249,308,000	2,646,000,000	9.4%
2011	173,267,144	2,887,000,000	6.0%
2012	239,697,217	3,726,000,000	6.4%
2013	422,610,202	4,746,200,000	8.9%
2007-2013	1,764,185,065	25,521,200,000	6.9%



The climate relevant flows have been estimated using the Rio marked data submitted to OECD DAC CRS as a basis but with a number of modifications:

- Rio marked commitments have been transformed to quantified climate and biodiversity relevant flows by using adjustments coefficients to the Rio markers: 100% for principal objective, 40% for significant objective and 0% of not targeted.
- For 2007 – 2010 the adaptation has been estimated retroactively using an adapted methodology.
- For all years a number of adjustments / corrections have been made to marking compared to the data in CRIS and reported to OECD DAC CRS.

Culture

Culture continued to be supported as a cross-cutting dimension of economic development, social inclusion, freedom of expression and promotion of diversity. In 2013 more than seventy projects have been awarded under three calls for proposals covering Neighbourhood countries, the African, Caribbean and Pacific (ACP) region and the whole developing world.

It is also important to highlight that the 'Media and Culture for development in the South Mediterranean region' call for proposals will result in the distribution of about one hundred grants via the newly developed sub-granting mechanism, which allows EU-funded projects to redistribute their financial support to other parties.

1.3.7. Cooperation with non-state actors and local authorities

Civil Society

In September 2012 the European Commission adopted the Communication 'The roots of democracy and sustainable development: Europe's engagement with Civil Society in external relations'³⁶ and 2013 proved a fundamental year in translating its provisions into substantive actions. The new policy aims at achieving an enhanced and more strategic approach to EU engagement with local civil society organisations (CSOs) in developing, neighbourhood and enlargement countries. It will focus on civil society's contribution to building stronger democratic processes and systems of accountability, achieving better development outcomes through constructive relations between states and CSOs, and direct support to CSOs. Due consideration has been given to country-specific issues, in particular where there are highly volatile political or security contexts.

The EU and Member States are also committed to developing country roadmaps for engaging with CSOs in the long term to improve the impact, consistency, predictability and visibility of EU actions. A guidance note for EU Delegations on EU Country Roadmaps for Engagement with Civil Society was developed in 2013.

At the regional and global levels the EU is committed to supporting CSOs, networks and alliances in tackling global challenges, monitoring PCD, delivering on aid commitments, and promoting global citizen awareness. In November 2013, the 'Policy Forum on Development' was launched after an interim phase to develop its structure, membership, and work programme. It gathers together representatives of CSO networks (Non-Governmental Organisations (NGOs), Trade Unions, Cooperatives, Chambers of Commerce, Foundations, etc.) and local authority (LA) networks from the EU and partner countries twice a year.

Local Authorities

In May 2013, the European Commission adopted the Communication 'Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes'. It promotes a more strategic EU engagement with LAs and their Associations in partner countries in order to unlock their full potential, focusing on good governance at the local level, and a territorial approach to development. It will support decentralisation and reforms, help capacity development of LAs, propose smart solutions for sustainable urbanisation, and reinforce Associations of LAs at national, regional and international levels. The policy will be implemented over the 2014-2020 period by EuropeAid and EU Delegations in partner countries through policy dialogue and different EU instruments for external cooperation, in particular, with LAs.

DEAR

Following the publication of a Staff Working Document on Development Education and Awareness Raising (DEAR) in Europe in December 2012, EuropeAid has deepened its commitment to critically inform and engage EU citizens in development issues.

³⁶ COM(2012) 492 final, 12.9.2012

1.3.8. The role of the private sector

The importance of private sector development for growth is widely recognised. In the first place, the private sector creates jobs and income, which are the best insurance against extreme poverty. In the second, the private sector also provides goods and services to the poor, such as food, telecommunications and financial services. Some businesses provide very specific products and services such as microfinance, micro insurance or generic medicines. A dynamic private sector can therefore be a source of innovation to meet the specific needs of the poor. Furthermore, the private sector generates tax revenue which enables public authorities in partner countries to provide basic infrastructure, create a business-enabling environment and to provide social safety nets to the poorest. Lastly, a stronger and more diversified private sector can help to strengthen civil society by empowering marginalised groups, generating income and offering wider access to education and health services. Overall, private sector development is one of the most effective ways to achieve the objectives of sustainable growth and poverty reduction.

The importance of improving the business environment, promoting a competitive local private sector and improving access to business and financial services was reaffirmed in the 'Agenda for Change' in 2011. In addition, it acknowledged that a more active engagement with the private sector is not limited to tapping the potential of businesses to stimulate and sustain growth and improve people's lives, but also to leverage additional private funding for development assistance. It therefore emphasised the importance of developing new ways of engaging with the private sector, notably to leverage its activity and resources to deliver public goods and to extend the scope and scale of the EU regional blending facilities to further leverage financial resources for development.

In 2013, the Commission launched a study to increase knowledge and assist policy development on how to engage with the private sector in development and to extend the financial blending activities of the EU. The study will explore substantive possibilities and options for improving and scaling up existing blending mechanisms, including the development of private sector involvement within these facilities. It will also provide solid recommendations for improving engagement with the private sector including enhancing public private partnerships and dialogue. Results of the study are expected during 2014.

The Commission also finalised two thematic Global Evaluations of the EU's Support to Trade-related Assistance Support and Private Sector Development in Third Countries. All these elements, and an extensive on-going consultation process with a wide range of actors, contributed to the preparation of a new Communication on 'Strengthening the Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries', officially launched in October 2013.

The Communication, planned to be adopted in the first half of 2014, will enable the EU to formulate in more operational terms its strategy for implementing the objectives in the 'Agenda for Change' to achieve sustainable and inclusive growth and engage more actively with the private sector.

1.4. Better and more effective aid

1.4.1. Aid effectiveness and joint programming

The Fourth High Level Forum on Aid Effectiveness in Busan in 2011 was a key framing event for aid and development effectiveness. It placed a clearer emphasis on results, strengthening aid's role as a catalyst for development results and went beyond the traditional aid effectiveness issues to cover issues like climate change finance, private sector and south-south cooperation. The High Level Forum

agreed to set up a new inclusive global governance structure, the Global Partnership for Effective Development Cooperation. The EU is one of the three representatives of donor partners in the 15 strong Steering Committee, which first met in December 2012. In 2013, there were three more meetings in Bali, Addis Ababa and Washington.

Joint Programming has emerged as a core element of the EU's common aid effectiveness agenda, based on the Council Conclusions of November 2011³⁷. Under Joint Programming, EU Delegations, together with Member State and ECHO field offices and increasing involvement of the European Investment Bank, develop a shared analysis, define a common strategic vision, mobilise their different strengths and capacities according to their comparative advantages, and decide on a division of labour. Joint Programming processes are open to other like-minded donors; in most cases they are led and facilitated by EU Delegations.

Following the successful launch of the Joint Programming process in a number of front-runner countries, EU Heads of Mission in countries with potential for Joint Programming were contacted in early 2013 with the majority returning positive replies. In most countries Joint Programming is planned to start within four years, in line with the timing of the national development plans of the partner country.

By the end of 2013:

- Final or draft Joint Programming documents were finalised in five countries (underlined), with nine more being finalised (Burma/Myanmar, Burundi, Cambodia, Chad, Ghana, Guatemala, Laos, Mali, Namibia, Paraguay, Rwanda, Senegal, South Sudan and Togo);
- Joint analysis and response documents had been produced in three countries (underlined) and under preparation in four (Bangladesh, Bolivia, Comoros, Côte d'Ivoire, Ethiopia, Liberia and Kenya);
- Preparatory work started in 13 countries (Algeria, Georgia, Honduras, Malawi, Mauritania, Mozambique, Nepal, Niger, Nicaragua, Palestine, Tanzania, Uganda and Yemen);
- Joint Programming work was scheduled to start for 2015-17 in six countries (Benin, Burkina Faso, El Salvador, Sierra Leone, and Philippines); and,
- There is a recognised potential, while the decision to go ahead with Joint Programming has still to be made, in 13 countries (Afghanistan, Armenia, Egypt, Haiti, Jordan, Libya, Moldova, Morocco, Pakistan, Somalia, Tunisia, Vietnam, Zimbabwe).

Joint Programming countries are widely spread geographically and include a number of fragile states such as Burma/Myanmar, Mali, and South Sudan. The Joint Programming process is, where possible, led by the partner country government and aligned to their development strategies and synchronised to their planning cycles. It is conducted primarily at partner country level to respond to specific needs and the situation on the ground. All donors involved in the process develop their own bilateral implementation plans, but they will be aligned to the joint response. Joint Programming takes account of donor-wide strategies as far as they already exist to avoid parallel processes and duplication. The scheme is open to other committed donors.

As the EU, the Member States and other donors progress towards joint analysis and multi-annual joint response strategies, Joint Programming has also a positive impact on the transparency of our work and actions, on improved EU coordination and strengthened political dialogue, and on increased predictability and impact of our policies and financial support with our partner countries.

³⁷ the EU Common Position for the Fourth High Level Forum on Aid Effectiveness of 14 November 2011

1.4.2. Cooperation with the donor community

OECD

Close cooperation with the OECD on development issues continued at all levels. Throughout the year, the Commission participated actively in the work of the OECD Development Assistance Committee (DAC), of which the EU is a full member. In particular, the Commission contributed to discussions at senior and ministerial level, covering issues of relevance for the future global development agenda, such as the post-2015 development goals, the Global Partnership for Effective Development Co-operation, and external financing for development. The latter subject was the subject of the June Tidewater conference in which Commissioner Piebalgs participated. The EC also contributed to promoting a more active involvement for emerging donors in the OECD's work. Four EU countries – the Czech Republic, Poland, the Slovak Republic and Slovenia (plus Iceland) – joined the DAC, with EU support, in 2013.

Bilateral relations with traditional donors and emerging economies

As part of the broader EU-US strategic dialogue, the Commission chaired regular consultations with its US counterparts (The US Agency for International Development (USAID) and the US State Department) in the context of the EU-US development dialogue. This was established in 2009 with the aim of deepening cooperation on the ground and at policy level and last year was able to raise political awareness at global level around the post-2015 development agenda and other issues of common interest such as resilience, energy, private sector development and human rights. It was also able to better coordinate actions in the field. As an example of enhanced coordination, a number of EU delegations and USAID offices are now closely cooperating, sharing country assessments, comparing strategies and exploring synergies at sector level. Strong synergies are being developed in food security and resilience, sectors where both sides are very active, notably in the Sahel and the Horn of Africa.

Our development dialogue with Japan was resumed in 2013 with consultations held in Tokyo in May and further impetus in the relationship was provided by the EU-Japan summit in November 2013. Field cooperation between the Japan International Cooperation Agency (JICA) and EU Delegations has been enhanced. Contacts have also been developed throughout 2013 with Korea on development related issues. Our close relationship with Australia in the development field has continued to develop with joint implementation programmes in Fiji and South Sudan.

In 2013, emerging economies have become more involved in global processes and fora on global development, such as the Busan Global Partnership, G20, post-MDG High Level Panel, and the BRICS (Brazil, Russia, India, China and South Africa) or IBSA (India, Brazil, South Africa) fora. The Commission continued to deploy efforts to engage with these new donors and to progressively shift its relationships with them away from bilateral cooperation through projects and programmes towards more strategic partnerships on global and regional development issues.

Contacts have been established with relevant authorities in China on global development issues (Post-2015, Busan, financing for development) and on the sharing of lessons learned in poorer countries. The EU-China summit in November 2013 endorsed the launch of a senior level development dialogue. Similar discussions have also started with India.

1.4.3. Cooperation with international organisations

United Nations

During the course of 2013, the European Commission was involved in different UN related activities having an impact on development. It participated actively in the main UN conferences, contributed to debates at the UN General Assembly (UNGA) and in the UN Economic and Social Council (ECOSOC) and launched preparatory work in anticipation of the EU's active participation in the UN Third International Conference of Small Island Developing States (SIDS) in September 2014.

Within the framework on the UNGA the Commission contributed actively in several High Level Meetings with an impact on development, notably the High Level Meeting on Disabilities and Development on 23 September 2013, the inaugural meeting of the High Level Political Forum on Sustainable Development on 24 September 2014, the Special Event to follow up efforts made towards achieving the MDGs on 25 September 2013 and the High Level Dialogue on Migration and Development held on 3 to 4 October 2013. The meetings resulted in the adoption of 'outcomes documents', for which the EU provided relevant input.

Over the year, the Commission contributed to the adoption of more than 50 UNGA Resolutions with a direct impact on development. The Commission also contributed to the adoption of several Resolutions of the UN ECOSOC related to development and to the outcomes of the 51st Session of the UN Commission on Social Development and of the 57th session of the UN Commission on the Status of Women. The Commission also actively contributed to the work of the Sustainable Development Goals Open Working Group and the Intergovernmental Committee of Experts on Sustainable Development Financing.

The Commission was involved in major UN Secretary General initiatives in the field of development, such as the High Level Panel on the Post-2015 Development Agenda, Sustainable Energy for All, the Scaling Up Nutrition Movement and the Global Education First Initiative.

The Commission continued its financial support for the UNESCO (United Nations Education, Scientific and Cultural Organisation) Expert Facility whose aim is to contribute to the implementation of the UNESCO 2005 Convention on the Protection and Promotion of the Diversity of Cultural Expressions.

Working in partnership with the UN system and ensuring a fruitful cooperation with UN Agencies, Funds and Programmes (UN AFPs) remained an important objective for the Commission with a particular attention to communicating results that were jointly achieved. On food and nutrition security, a key priority for the EU, the annual UN-EU Saving and Improving Lives series report ('Partnership for food and nutrition security 2008-2012'³⁸) was released. We contributed to the EU-UNDP (United Nations Development Programme) 10-year anniversary report of the Strategic Partnership Agreement to be published in February 2014 and also produced an assessment of our cooperation with United Nations Industrial Development Organisation (UNIDO), one year after the signature of the Memorandum of Understanding. Annual Senior Official Meetings with UNIDO (including the participation of Commissioner Piebalgs) and United Nations Office on Drugs and Crime (UNODC) were organised in Brussels. Finally, together with our EU Delegation in Geneva, we engaged actively with the United Nations Conference on Trade and Development (UNCTAD) Trade and Development Board and the two UNCTAD Commissions.

G20

³⁸ <http://www.unbrussels.org/report2013/>

During 2013, the Russian G20 Presidency concentrated on Food Security, Human Resource Development, Financial Inclusion, Infrastructure, Domestic Resource Mobilisation and support to the post-2015 process. All of this was underpinned by an Accountability Framework. A St. Petersburg Development Outlook was agreed which sets out some of the key achievements from the original 2010 Seoul Action Plan on Development and indicates how the next Multi-Year Action Plan on Development will be finalised. The EU continued to press for concerted G20 action on Inclusive Green Growth as part of the Development Agenda. The Green Growth agenda is designed to help structurally transform economies on to a climate friendly path over the medium term and to help build the capacity of developing countries to design and implement Green Growth policies and strategies. The EU has also pressed hard for action on the critically important issue of Fossil Fuel Subsidy Reform.

As the 2014 G20 Presidency, Australia initiated discussions, at the end of 2013, on its priorities for the G20 Development Working Group. It narrowed the Development agenda even further by prioritising Financial Inclusion, Infrastructure and Domestic Resource Mobilisation. The EU is supporting all three priority areas by taking action to involve Member States in the work to drive down the costs of sending remittances, by linking the infrastructure work to a German-led initiative to involve the private sector in green infrastructure investment, and by developing programmes to support tax authorities in Lower Income Countries (LICs).

G8

In 2013, the main focus of the development-related work of the G8 continued to be on agriculture and food security. The 'New Alliance to improve food security and nutrition' was expanded. The EU continued to play an active role with other G8 leaders to build the partnership between governments in Africa, G8 countries and the private sector to lift 50 million people out of poverty in the next ten years through supporting agricultural development. During 2013 the Commission provided strong support to the UK initiative on Trade in Africa. A UK-led G8 Transparency Initiative covered several important areas including: the Extractive Industries Transparency Initiative, Aid Transparency, tax transparency and reducing money laundering and improving tax systems in developing countries. These are all areas where the EU is very active. Support was provided specifically in the context of Extractive Industries where the EU Accounting Directive is an important new legislation. The UK presidency led a process to create a comprehensive G8 Accountability Report. The G8 also continued to deliver on the Deauville Partnership with Arab Countries in Transition.

International Financial Institutions

Thanks to the 2011 initiative to create a Taskforce for an enhanced dialogue with international financing institutions in 2013 EuropeAid intensified its overall engagement with the International Monetary Fund (IMF), World Bank Group (WBG), African Development Bank (AfDB), Asian Development Bank (AsDB) and Inter-American Development Bank (IDB).

Based on a set of converging development policy priorities, the Commission strengthened strategic partnerships with the IMF for Sub Saharan Africa and Middle East and North Africa (for example on PFM, vulnerability and shock absorption mechanisms, fragility, and capacity building) and with WBG and AfDB on Africa (for example on budget support in fragile contexts, sustainable energy for all, food and nutrition security).

With the IDB, the partnership was strengthened with a Memorandum of Understanding signed by Commission Vice President Rehn, Commissioner Piebalgs and President Moreno and the launch of a joint action plan on priority areas of shared interest including budget support, citizen security and

regional initiatives and financial blending. The Commission also engaged in various contacts between EuropeAid and the AsDB, for example on the regional economic outlook, post-2015 development framework and regional integration.

Finally, Commissioner Piebalgs addressed the 87th and 88th Development Committee meeting, as observer, at the IMF/WB Spring and Annual meetings, in April and October in Washington.

1.5. Outlook 2014

To deliver on its commitments and keep its long-term promises, in 2014 the EU will pursue and step up its development actions on a number of fronts.

First and foremost we will continue implementing the 'Agenda for Change' with a view to increasing the impact of the EU's development cooperation, meeting modern development challenges head-on and targeting our aid where it is most needed and can deliver long-lasting, catalytic change.

The key principles set out in the 'Agenda for Change' – namely prioritisation, concentration, differentiation and EU coordination – will continue to inform the programming process through the different instruments of the 2014-2020 Multiannual Financial Framework (MFF) and the European Development Fund (EDF).

We will further pursue cooperation with new partners like the private sector. To this end, the practical means of strengthening the role of the private sector in achieving inclusive and sustainable growth, in line with the 'Agenda for Change', will be further developed in a Commission Communication to be presented in the first half of 2014.

The 'Agenda for Change' also calls for the EU to move to a Rights-Based Approach (RBA). In response, we will develop an EU Toolbox for a 'Rights-based approach, encompassing all human rights, to EU Development' to systematically integrate human rights principles and standards and to make their achievement an outcome of the whole development process of planning and design, implementation, monitoring and evaluation.

In 2014, work will also continue on making development cooperation more efficient and effective through improved coordination, coherence of policies and accountability. In this regard, we will finalise the development of an ambitious EU Results Framework to show EU citizens and partner countries alike how we convert aid into real development results on the ground. We will further improve coordination with Member States and other donors to avoid unnecessary overlaps and work more effectively. EU joint programming processes will be moved forward in over 40 countries. The EU will work towards a common position ahead of the first High-level Meeting of the Global Partnership for Effective Development Cooperation, which will take place in Mexico in April 2014. In the area of PCD, the main challenge will be the introduction of PCD issues at international level, improving country-level reporting and dialogue on PCD with partner countries. We are committed to making all data and information available in a user-friendly way. Together with EU Member States we have agreed on the EU Transparency Guarantee to provide more and better aid information. We have been working on transparency, including through the implementation of the common standard, and will continue to do so in 2014. Also, in conjunction with DG ECHO, early in 2014 we expect to launch a new transparency website, EU Aid Explorer, which will map information about aid flows worldwide.

We will also be reporting on progress in a key development areas. For instance, we will issue the annual EU accountability Report on Financing for Development. And we will report on how the EU action plan on gender equality and women's empowerment in development 2012-2015 is being implemented. In addition, we will keep on engaging with CSOs and LAs to support their contribution to sustainable and inclusive development. We will continue striving to place the EU at the forefront of

efforts to combat food and nutrition insecurity. And social and human development must be fully embedded in our programmes in order to ensure growth is inclusive and able to benefit all citizens.

To improve the performance of our operational framework, we will continue to promote innovative ways of delivering aid more efficiently and leveraging additional funds with it, including the use of blending. The implementation of the new methods for budget support will also remain a priority.

In 2014 we will, of course, carry on with our efforts to meet the MDGs. We will also continue working alongside our partners on a post-2015 framework that will pursue the twin aims of poverty eradication and sustainable development.

With 2015 being such a crucial year for development, it is only right that it should have been designated the 'European Year for Development'. EYD2015 will provide the European Union and its Member States with an ideal opportunity to show citizens that EU development cooperation brings added value and delivers real and lasting results, thanks to the EU's unique ability to draw on the combined strengths of its Member States to fight poverty and champion sustainable development everywhere. The preparatory work we accomplish in 2014 for EYD2015 will be crucial to its success.

Post-2015

The year 2014 will greatly contribute to the shaping of discussions on the post-2015 framework and the EU intends to continue to be actively involved in this process.

At UN level, the UN Open Working Group (OWG) on SDGs was established as a follow-up to the UN Conference on Sustainable Development in Rio in June 2012. The OWG will make a proposal on SDGs to the 69th UNGA in September 2014. In parallel, the UN Intergovernmental Committee of Experts on a Sustainable Development Financing will also present its final report to the 69th UNGA, which will have important implications for the financing aspects of the post-2015 agenda.

Subsequently, an intergovernmental process should start in the second half of 2014 which will prepare the post-2015 summit scheduled to take place in September 2015 with the aim of finding a final agreement on the post-2015 agenda. This intergovernmental process will build on a report from the UN Secretary-General which will synthesise the various proposals made, including the OWG report, the report of the UNSG's High-Level Panel on post-2015 and the sustainable development finance committee.

At the EU level, the Commission and EEAS continues to work towards a common EU position in the various phases of the discussions and negotiations in particular those related to the OWG SDG and the preparations for the post-2015 summit. The Commission and EEAS will work in close cooperation with EU Delegations to enhance its outreach activities and enhance the EU's dialogue with strategic partners in the context of various fora, including the Africa-EU-Summit in Brussels in April and the Third International Conference on Small Island Developing States (SIDS) in Samoa in September 2014. A Communication on the post-2015 agenda is envisaged for 2014.

2. CHAPTER 2 - IMPLEMENTATION: GEOGRAPHIC OVERVIEW

Introduction

EU development cooperation is mainly based on three “geographical” financing instruments: the European Development Fund (EDF), the Development Cooperation Instrument (DCI) and the European Neighbourhood and Partnership Instrument (ENPI)³⁹.

The EDF is the main source of financing for EU assistance to Sub-Saharan Africa (with the exception of South Africa), the Caribbean and the Pacific (ACP) regions. The fund is separate from the EU budget and is directly funded by EU Member States and managed by a specific independent committee.

The DCI and the ENPI are financed by the EU budget. The DCI covers geographic programmes supporting cooperation with 47 developing countries in Latin America, Asia and Central Asia, the Gulf region (Iran, Iraq and Yemen) and South Africa, as well as thematic programmes benefiting all developing countries⁴⁰. The ENPI supports the European Neighbourhood Policy (ENP) and covers 16 partner countries in the EU's southern and eastern Neighbourhood and Russia.

Some relevant figures and data will be highlighted in this chapter, but comprehensive and detailed financial information can be found in Chapter 5: the Financial Annex of this report.

This report does not cover the Common Foreign and Security Policy (CFSP)⁴¹ or the current Instrument for Pre-Accession Assistance (IPA)⁴² although some data on IPA allocations are included in the tables in the annex to this report. A short section of this report is dedicated to humanitarian assistance⁴³.

2.1. European Neighbourhood and the Middle East

2.1.1. European Neighbourhood and Russia

Introduction

European Neighbourhood

The European Neighbourhood Policy (ENP) remains the basis to establish an area of prosperity with the EU's neighbours notably through enhanced political association, economic integration and closer cooperation. In 2013 the EU continued its efforts to support and encourage democratic transitions in the region, inter alia through political engagement, economic and financial support and enhanced cooperation with regional organisations. The EU remains the single most important trade partner for almost all countries in the Neighbourhood.

As for previous years, mutual accountability and a shared commitment to human rights, democracy and the rule of law remain at the core of the ENP providing a framework for the EU's relations with its neighbours in the East as well as in the South. Closer economic integration and stronger political cooperation on governance reforms, security and conflict resolution including joint initiatives in international fora on issues of common interest are key aspects in this regard. 2013 has seen some

³⁹ Under the 2014 to 2020 multi-annual financial framework, the ENPI is being replaced by the European Neighbourhood Instrument (ENI).

⁴⁰ See Chapter 3, Implementation: Thematic overview.

⁴¹ For more information on CFSP visit http://www.eeas.europa.eu/cfsp/index_en.htm

⁴² For more information on the IPA visit http://ec.europa.eu/enlargement/instruments/overview/index_en.htm

⁴³ For more information on humanitarian assistance go to http://ec.europa.eu/echo/index_en.htm

progress towards achieving the ENP objectives and continued reform efforts, both in Eastern and Southern ENP countries, which were supported by the EU.

In line with the political and strategic approach of the renewed ENP, the EU is implementing an incentive-based approach to the assistance provided in the Neighbourhood region. This means that in addition to assessing partner countries political, social and economic needs, the EU also assesses the performance of partner countries in terms of implementing agreed reform objectives, in particular in democracy-related areas and respect for human rights. The incentive-based approach involves a high level of differentiation and gives each partner country scope to develop its relationship with the EU according to its aspirations, needs and capacities.

In 2013, the umbrella cooperation programmes which are translating this incentive-based approach into operational terms - the Support for Partnership, Reform and Inclusive Growth (SPRING) programme in the South and the Eastern Partnership Integration and Cooperation (EaPIC) programme in the East – were continued and provided substantial additional funding to selected partner countries in the Eastern and Southern Neighbourhood.

Significant progress was made in the implementation of the Eastern Partnership (EaP) in 2013. The Eastern Partnership Summit held in Vilnius in November 2013 was a milestone in the EU's relationship with the EaP countries and reviewed the considerable progress made in the Partnership since the September 2011 Warsaw Summit in bringing Eastern European partners closer to the EU and agreed on an ambitious agenda for the way ahead. The Summit Declaration sets out a series of goals to be attained by the Partnership by 2015, and together with the new Association Agendas and other existing and future documents guiding bilateral relations and Work Programmes of the multilateral Platforms, constitutes a clear plan of action for the Eastern Partnership in 2014-2015.

The negotiations of Association Agreements, including the creation of Deep and Comprehensive Free Trade Areas (DCFTA), with the Republic of Moldova and Georgia were completed and the Agreements initialled. Progress made by some Eastern Partnership partners towards Visa Liberalisation through the implementation of the Visa Liberalisation Action Plans was welcomed.

In the southern Neighbourhood, DCFTA negotiations have been held with Morocco; exploratory dialogues on how to deepen trade and investment relations have taken place with Jordan, Tunisia and Egypt. A mobility partnership has been signed with Morocco in June 2013 and negotiations with Tunisia aiming at the conclusion of a mobility partnership were completed end of 2013 (signature March 2014). The dialogue on migration, mobility and security launched with Jordan in December 2012 was further advanced throughout 2013.

Work progressed in 2013 on preparing the future European Neighbourhood Instrument (ENI), and an agreement was reached towards the end of the year in the context of the Multi-Annual Financial Framework (MFF) for 2014-2020. The renewed ENP and its key principles have been reflected in this agreed new European Neighbourhood Instrument (ENI) Regulation.

Russia

The EU continued to engage with Russia as an indispensable, yet often challenging, partner. A successful visit by the College of Commissioners to the Russian Government in March gave fresh impetus to EU-Russia cooperation over a wide range of areas and also launched formal dialogues in new fields. The EU-Russia Energy Roadmap 2050 was signed: a significant step in our energy cooperation.

The 31st EU–Russia Summit took place in June 2013 in Yekaterinburg. It confirmed the determination of both sides to further develop EU–Russian cooperation, in particular in view of Russia's interest in modernisation, but it also made clear that differences remain where further work is needed.

Aid effectiveness and donor coordination

During the last five years, the EU has played a key role in donor coordination in the whole Neighbourhood region. For instance in **Georgia**, **Moldova** and **Tunisia** working groups or councils have been established in key cooperation sectors. Furthermore, in **Georgia**, the National Roadmap has been adopted in agreement with the government, and a map of donors' activities and an online database have been developed.

In many Neighbourhood countries, for example **Moldova**, **Morocco**, **Libya**, **Lebanon**, **Egypt** and **Tunisia**, coordination between the EU and other donors, in particular European donors, has continued to be solid and has improved with the EU in the lead or as a very active participant. Coordination between EU and Member States is ensured through regular meetings in order to promote consistency of programmes. In **Morocco**, in an effort to bring cooperation to a higher state of integration, the EU and Member States have embarked on a Joint Programming process together with the Member States active in Morocco. In **Libya**, the EU is fully participating in the United Nations Support Mission in Libya (UNSMIL) coordination structure and is organising regular in-country EU/MS's coordination meetings.

Furthermore, when line ministries are in charge of coordinating a working group, the EU Delegation provides sectorial or technical support. National authorities are met on a regular basis by EU services to promote policy dialogue and to define together future programmes and monitor on-going actions. Consultations with civil society and professional organisations has been promoted and strengthened throughout 2013.

In the case of **Syria**, donor coordination in such a complex and multidimensional crisis is a key element to ensure the quality of the international response. That is why the EU, as the biggest donor in the context of the Syria crisis, has maintained its leading role in donor coordination in order to increase information sharing and synergies between the various types of support provided by the main donors.

With regard to aid effectiveness, budget support and blending facilities such as the Neighbourhood Investment Facility (NIF) have been important to increase ownership and aid effectiveness in line with the Paris Declaration⁴⁴ and the Backbone Strategy⁴⁵. Cooperation aligned with national policy targets kept an effective balance among delivery methods and maintained harmonisation among donors to avoid aid fragmentation. The full respect of ownership, alignment and harmonisation principles has improved EU's aid effectiveness in the Neighbourhood region.

Working towards the Millennium Development Goals (MDGs)

EU assistance has contributed to fighting poverty in the Neighbourhood region (MDG 1), in particular through providing support to reduce the consequences of the **Syrian crisis and to assist Palestine**, where 25% of the population lives below the poverty line. In the Eastern Neighbourhood, budget support programmes on agriculture, rural and regional development helped to reduce poverty in **Moldova**, **Azerbaijan** and **Georgia**.

EU support contributed to improve quality and access to education in **Morocco** (TAYSSIR: a pilot programme to fight against the abandonment of education), **Egypt** and **Palestine** (MDG 2). In the context of the **Syrian crisis**, Syrian refugee children benefited from access to education in host countries (**Jordan** and **Lebanon**).

⁴⁴ <http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>.

⁴⁵ <http://capacity4dev.ec.europa.eu/article/backbone-strategy-core-documents>.

Specific focus was put on supporting gender equality, empowerment of women, education for girls, and fighting gender-based violence in **Syria and Tunisia** (MDG 3). A programme in **Lebanon** seeks the mainstreaming of the gender dimension at policy and sector levels. An ongoing project in **Armenia** has promoted women's participation in local communities and elections. East Regional Programmes have included a Study on Gender Country Profiles. Through the Regional South Programme "Spring forward for women", the access and effective participation of marginalised women in economic and public life has been supported.

EU support has helped improve child and maternal health as well as combat HIV and Malaria and other diseases in **Morocco, Tunisia, Palestine, Libya** and **Egypt** (MDGs 4, 5 and 6). This support includes primary health care and upgrading primary health centres, training of staff and accreditation of health units. Food Security Budget Support on Childcare in **Armenia** helped to strengthen the quality of child protection systems. Budget support on health in **Moldova** accompanied reforms in primary healthcare system. Eastern Neighbourhood Regional projects built the capacities of non-state actors on HIV-AIDS prevention, treatment and care.

Environmental sustainability, water quality, wastewater services, and solid waste management have been promoted in **Tunisia, Egypt** and **Lebanon** (MDG 7). Various regional projects and regional programmes have contributed to environmental sustainability in the **Eastern and Southern Neighbourhood Region**. These include, for example, INOGATE – a programme supporting energy cooperation between the EU and the coastal states of the Caspian Sea, ESIB – an energy saving initiative in the construction sector in Eastern European and Central Asian countries, EU water initiatives, the EaP-GREEN project that is looking to 'green' the economies of the Eastern neighbourhood, and water legislation in Georgia.

Regarding MDG 8, a specific project in **Moldova**, as well as actions funded under the Southern regional communication programme, have raised awareness and promoted dialogue on the MDGs.

Implementation and results

Bilateral cooperation

Bilateral South

Cooperation dialogue with **Algeria** has deepened and widened over the past years, which was reflected by over EUR 350 million of bilateral cooperation funding over the period 2007-13. In 2013, cooperation programmes focused on rural development and agriculture, accompanied by social actions, targeting less-favoured parts of the country and vulnerable population groups. Cooperation in these areas is crucial for the diversification of the Algerian economy, as well as for the inclusiveness of its socioeconomic policies.

Due to the political events which occurred throughout 2013, EU assistance to **Egypt** has been reviewed. Support to the socioeconomic sector and to civil society continued and has been enhanced. Three programmes were signed in support of the water sector, Technical and vocational education and training (TVET) and employment schemes, for a total of EUR 130 million. Two new programmes supporting rural development and solid waste management for a total of EUR 47 million were also adopted.

As in the previous year, EUR 2 million was allocated for twinning programmes between Israeli and EU Member State institutions designed to align **Israel** to EU standards and norms. An additional EUR 500 000 was allocated to the Civil Society Facility.

Cooperation with **Jordan** included two new initiatives targeting the microfinance sector (EUR 35 million) and support to the implementation of the Action Plan (EUR 12 million). In addition, the EU mobilised support to existing programmes on PFM (EUR 11 million) and energy sector (EUR 9 million). To alleviate the increasingly dramatic impact of Syrian refugees in Jordan, the EU provided development assistance, principally education and support to host communities, of EUR 50 million through working with the United Nations Children's Funds (UNICEF) and directly with the Jordanian Government. Jordan also benefited from additional funding of EUR 31 million via the SPRING programme, which supported good governance and host communities.

During most of this highly challenging year, **Lebanon** was affected by a major political crisis and by the increasing spill over effects of the Syria Crisis. EU cooperation in 2013 worth a total of EUR 22 million supported three actions: reinforcing social cohesion, support to the Lebanese security sector for stability and national cohesion and improvement of housing and health conditions of the most vulnerable Palestine refugees in Lebanon. Moreover the EU mobilised additional funding to assist Lebanese host communities and the refugee population in the areas of education, health, infrastructures, economic recovery, support to Palestine refugees from Syria, delivery of humanitarian assistance to the most vulnerable, and to build the capacities of the Lebanese Government to deal with the crisis.

The EU continued to support the transition in **Libya** by supporting its institutions and in particular the General National Congress and the High National Commission for Elections. Civil society programmes have also contributed to this crucial phase by empowering local CSOs, in particular with relation to the constitution awareness campaign and the reconciliation processes. In the security sector, a programme has started supporting the Ministry of Interior and the Ministry of Justice to strengthen the rule of law, good governance and civilian culture, and organised training and awareness raising seminars. Other sectors like migration, health, education, as well as TVET have also been supported.

In **Morocco**, the EU continued to support the Government's efforts on justice reform, in improving the quality and access to health and education services and supported the country's ambitious endeavour to establish a medical insurance scheme for its most vulnerable families. The EU also continued to assist Morocco in making its regulatory framework approximate with the EU's framework with a view to bring the country closer to the European market. Moreover, new assistance programmes were adopted in the fields of agriculture, education, social protection, support to Small and Medium-sized Enterprises (SMEs), and regulatory convergence. For these purposes the EU committed EUR 378 million in 2013.

In **Palestine**, the EU continued to provide direct financial support to the Palestinian Authority, in particular through the PEGASE mechanism for socioeconomic support, by paying doctors, nurses and teachers and social allowances to the most vulnerable members of society. A new channel was opened with a contribution of EUR 13 million towards the unpaid bills of patients referred by the Ministry of Health to East Jerusalem hospitals, which are a vital part of the fabric of Palestinian society in the city. A EUR 80 million contribution was also made to UNRWA, the UN Agency providing health, education and social services to Palestine refugees, not only in the West Bank and Gaza Strip but also in Syria, Jordan and Lebanon.

Amongst the other projects funded were a series of activities aimed at reinforcing the Palestinian presence in Area C, the 60% of the West Bank under full Israeli civil and security control, notably for assistance to develop master plans for small infrastructure, capacity-building in the Ministry of Agriculture and help for small herders and other farmers.

In **Syria**, the EU has suspended all cooperation with the Syrian government since 2011. However, in 2013, it remained committed to delivering aid in support the Syrian people, refugees, students, human

rights defenders and civil society in general. Complementing humanitarian assistance, a total of EUR 278 million for development assistance was mobilised in 2013 to assist the Syrian population and host communities in neighbouring countries across various sectors: education, vocational training, health, support to livelihoods and income generation, protection of cultural heritage and capacity building of Syrian CSOs. Support has also been provided to human rights organisations and NGOs to promote activists networking and advocacy, the monitoring of human rights violations, and support to the independent media.

In **Tunisia**, the EU continued to support through the 2013 Annual Action Programme (AAP) economic recovery (EUR 65 million), democratic transition and reforms to strengthen economic and democratic governance, including justice reform. Additional support has been provided through the Erasmus Mundus and the Tempus programmes, the project for the environmental governance of the Gabès area and a programme in the area of agriculture in the framework of the ENPARD (European Neighbourhood Programme for Agriculture and Rural Development) initiative. Tunisia benefited from SPRING funds in 2013 with a total amount of EUR 55 million.

Bilateral East

In **Armenia**, EU funding supported reforms in key areas such justice, public finance, education and food security. Ongoing support in the area of vocational education and training (VET) has brought some visible results, including improved quality of education and greater access. EU assistance to national reforms in PFM led to greater transparency and debt management. In line with the 'more-for-more' concept, Armenia was granted extra funds in 2013 in recognition of progress towards democracy and human rights.

In **Azerbaijan**, sector budget support operations accompanied reforms in energy, justice and rural development. The dialogue on PFM continued. The twinning instrument remained a successful instrument with one of the highest implementation rates in the region. Work with civil society increased sharply in 2013, with activities on human rights, media freedom, elections, or local initiatives promoting employment in rural areas.

The major areas of EU cooperation activities in **Belarus** were environment, energy efficiency and civil society. Thanks to EU support, two towns were fully equipped and trained on how to better manage solid waste, 12 standards on water management and seven standards on ecological certification were adopted, and one project paved the way for the presidential decree joining the Bern Convention on the Conservation of European Wildlife and Natural Habitats. Other key projects supported students, vulnerable migrants, and ex-offenders.

In **Moldova**, ongoing work on sustainable development and poverty reduction continued in different areas such as rural development and energy. For instance, renewable energy projects helped improve heating systems in public buildings by using waste straw from local agricultural enterprises and helped increase awareness about renewable energies in general. Confidence building activities continued to bring together people from the two banks of the river Nistru through infrastructure and social investments, environmental protection projects, business development and civil society support. EU assistance also supported crucial reforms for future political association and economic integration with the EU. Following the 'more-for-more' approach, additional funds were granted to Moldova and will be used to boost economic opportunities in rural areas, advance reforms in the energy sector and increase cooperation with the Council of Europe.

In **Georgia**, the EU continued to support reforms in the areas of agriculture, regional development and public finance. EU support in regional development has led to the creation of nine Regional Development Councils and the development of strategies for their regions. EU assistance to reform PFM resulted in better internal financial control systems and external audit and public procurement.

EU support to agriculture also yielded positive results in 2013 including the creation of 50 new service centres offering advice to farmers. EU cooperation also accompanied the process towards political association and economic integration with the EU. Following the 'more-for-more' approach, additional funds were allocated to Georgia in support of employment and vocational education and training.

Relations with **Ukraine** in 2013 were focussed on facilitating the country's readiness to sign the Association Agreement including the Deep and Comprehensive Free Trade Area (AA/DCFTA). At the end of November 2013, the Government of Ukraine announced its decision to suspend the signature of the AA/DCFTA. That said, progress since then was considerable. Disbursements on budget support programmes, which had been on hold because of concerns relating to PFM, were finally released reflecting the steps taken by the Ukrainian authorities in developing a PFM strategy and Action Plan.

The EU continued its work to support civil society in **Russia**, despite the law on 'foreign agents' adopted by the Russian government in 2013 that impedes the activities of CSOs working in the field of human rights and democracy. EU funding under the Partnership of Modernisation focused on justice and trade-related activities.

Regional Cooperation

Throughout 2013, the EU continued to strengthen its engagement in regional cooperation and with key regional actors.

In the southern Neighbourhood, the EU remained actively engaged with regional organisations, such as the League of Arab States and the Union for the Mediterranean (UfM). A new impetus was given to the 5+5 Dialogue through the Economic Forum of the Western Mediterranean held at the UfM Secretariat in Barcelona.

Day-to-day activities of the Union for the Mediterranean (UfM), where the EU holds the Northern Co-Presidency, intensified with regular organisation of senior officials meetings as well as the project oriented work of the UfM Secretariat in Barcelona. In autumn 2013 the UfM Ministerial meetings resumed with three being organised on the following topics: on 'women' in September, on 'transport' in November and on 'energy' in December 2013. Comprehensive political cooperation and implementation of the joint work programme with the League of Arab States (LAS) continued in 2013, marked by regular meetings of senior officials, mutual visits of high ranking officials as well as bilateral meetings between High Representative Ashton and the LAS Secretary-General. Also, the Organisation of the Islamic Cooperation (OIC) opened its Permanent Observer Mission to the EU in Brussels.

In the Eastern Neighbourhood, ministerial meetings on Culture (June), Justice (October) and Transport (October) and Eastern Partnership Informal Dialogues on Transport (February) and Higher Education (September) brought forward cooperation with the six Eastern partners. The annual meeting of Foreign Affairs Ministers and Senior Officials meetings were also held. The regular meetings of **Eastern Partnership multilateral platforms and panels** continued to support regional cooperation in democracy, good governance and stability, economic integration and convergence with EU policies, energy security and people to people contacts.

Ambitious regional climate change projects (Clima East, Clima South) saw their operational start in the neighbourhood region in 2013.

Regarding the cooperation side, some cross-cutting issues such as e.g. environmental protection, combating sea pollution, fighting organised crime and terrorism are most effectively tackled at a regional level, complementing bilateral East and South cooperation programmes.

Regional South

One key element of regional cooperation in the southern Neighbourhood has been working with **civil society**, and its recognition as a solid partner for change, which has been ensured through the Regional South Neighbourhood Civil Society Facility. The European Commission also increased its support to the Anna Lindh Foundation (ALF), which facilitates the action of civil society by promoting shared values and intercultural dialogue in the Mediterranean region. In 2013 the EU institutions, the Commission, EEAS and the European Economic and Social Committee, and the ALF worked towards creating mechanisms for structured dialogue between civil society, governmental authorities and the EU.

Cooperation projects with the Council of Europe and UN Women in the fields of human rights, gender equality, democracy and good governance have continued to strengthen institutional dialogue at regional level while promoting policy changes and legislative reforms.

In the field of **youth**, two new programmes have been launched addressing, respectively, youth unemployment and the competencies of young men and women so that they can exercise their rights and actively engage in decision-making processes in the region.

The **private sector** was supported through three new projects launched in 2013 to improve the business enabling environment for SMEs, the development of quality Business to Business linkage services, and to foster entrepreneurial cooperation in the cultural and creative industries.

In the area of **transport**, a new project was launched aiming to facilitate, through better connectivity between transport networks and modes, the trade of goods between Southern partner countries and the EU; this directly contributing to a UfM project with the same objective.

In the field of **energy**, substantial efforts went into the joint preparation of the Mediterranean Solar Plan and the launching of energy related activities at the local level through the new project 'Cleaner Energy Saving Mediterranean Cities'. The areas of sustainable consumption and production as well as climate change were tackled through the launch of the innovative Switch Med programme⁴⁶ as well as a new project in the area of climate change to support partner countries to migrate towards resilient and low carbon economies.

In the area of **civil protection**, the Euro-Mediterranean (Euromed) Programme for Prevention, Preparedness and Response to Natural and Man-made Disasters will contribute to the improvement of the national response capacities through preparedness and the strengthening of prevention and mitigation.

Regional East

Significant support to empower **civil society** at regional and local level was provided through the Neighbourhood East Civil Society Facility in 2011-2013 (EUR 37.6 million). The Facility also supported projects aimed at reinforcing the Secretariat of the Eastern Partnership Civil Society Forum and at strengthening the EaP Civil Society Forum national platforms.

A main focus of EU support to the Eastern Neighbourhood was on Youth. The EUR 31.5 million which was allocated to the Eastern Neighbourhood Youth Window to the Youth in Action programme allowed during 2012-2013 the involvement of an additional 34 000 young people and youth workers from Eastern Partnership countries and Youth in Action Programme countries into more than 1 500 joint activities like European Voluntary Service, Youth Exchanges and Training and Networking projects such as study visits and seminars.

⁴⁶ http://ec.europa.eu/environment/marine/pdf/SWITCH-MED_project.pdf

Based on a needs analysis, priority was given to projects supporting young people with fewer opportunities living in rural or deprived areas and projects aiming at further improving the quality of youth work. Importantly, the Eastern Partnership Youth Window allowed youth organisations from Eastern partnership countries for the first time to apply directly to the Education, Audiovisual and Culture Executive Agency (EACEA), giving them full ownership in the projects submitted.

A decision on a possible continuation of the Eastern Partnership Youth Window will be taken later in 2014 following an evaluation and subject to the availability of funds.

Moreover, the first **Eastern Partnership Youth Forum – a Lithuanian EU Presidency event and side event of the Eastern Partnership Summit, supported by the Eastern partnership Platform 4** - brought together young people, youth researchers and youth policy makers from Europe and the region to enhance the quality, visibility and recognition of youth work and non-formal learning. In addition a symposium for Eastern European and Caucasus countries on the 'Role of youth work in education for democratic citizenship and participation' was also organised within the framework of the EU-Council of Europe Youth Partnership.

The **Tempus IV and Erasmus Mundus programmes** continued supporting the improvement of higher education in partner countries. Over the past years, Erasmus Mundus helped 626 students from Eastern Partnership (EaP) countries to improve their academic and professional prospects by obtaining an EU Masters' degree. Over 30 partnerships between EaP and EU universities have been funded since 2007 to enable mobility for more than 4 000 students and 700 staff from EaP countries. The EU extended the eTwinning programme to schools in EaP countries allowing teachers and pupils to develop projects of common interest.

Dialogue on **cultural policy** continued with partners from the Eastern Partnership countries and the first Eastern Partnership Ministerial Conference on Culture was organised. The Tbilisi Conference Declaration conveys a strong message about a shared commitment to support culture as a driver for growth and stability in the region, as well as including culture in development agendas.

The EU continued to **support democracy** in the EaP region with the extension of the Council of Europe Facility until the end of 2014 in view of the launch of the 2015-2020 strategic framework between the EU and the Council of Europe.

Support to **stability and security** in the region was enhanced through various projects including police cooperation to address cross-border crime (EUR 5 million) and Integrated Border Management. The EU also recently launched a new project to better prevent, prepare and respond to man-made and natural disasters in the region (EUR 5 million).

In 2013, the EU has also increased its cooperation in the field of **economic development** with a new EUR 10 million Regional Action Programme within the framework of the SME Flagship Initiative.

The EU also increased its support to **transport** networks of regional importance with an additional EUR 10.5 million to the NIF. The Eastern Partnership Transport network, linking Eastern neighbours to the EU's TEN-T (Trans-European Transport) network was endorsed by Ministers of EU Member States and EaP countries in October 2013.

The EU has also been very active in the field of **energy and environment**. In order to increase energy efficiency and use of renewable energy sources, the EU provided technical assistance (EUR 5 million) to the Covenant of Mayors' secretariat in Kiev and Tbilisi and supported pilot projects (EUR 12 million) in the signatory cities in the region to help them implement their 'Sustainable Energy Action Plans' developed with the assistance of the Covenant of Mayors secretariat. The EU also launched a new

programme aimed to support countries with coastlines on the Black Sea to protect their common marine environment.

Inter-regional dimension

To complement bilateral assistance, a specific type of institution building support is provided to Southern and Eastern partners, namely through '**Technical Assistance and Information Exchange Instrument**' (TAIEX) and the '**Support for Improvement in Governance and Management**' (SIGMA).

TAIEX aims to foster political and economic cooperation in a number of areas, primarily approximation, application and enforcement of EU legislation through short-term expertise, workshops and study-visits.

SIGMA is a joint EU-OECD initiative and assists partner countries in their governance reform process, by providing European expertise in specific fields such as PFM including Audit and Public Procurement and Civil Service Reform.

Moreover, the 2012-2014 **Regional Communication programme** has contributed to a greater understanding of EU policies and showcased cooperation activities carried out in the Neighbourhood area.

Regarding support to **higher education** in the ENP region, for the third consecutive year, the Erasmus Mundus programme was allocated extra funding for Southern Mediterranean and Eastern Partnership countries. Projects involving universities from these regions were selected under the Tempus programme for supporting institutional cooperation between the EU and neighbouring countries to modernise their higher education systems. Ministerial meetings, seminars, policy dialogue meetings and information sessions have also been held with stakeholders from these regions.

All EaP countries in the East and Tunisia in the ENP south have joined the pilot extension of the eTwinning action ("eTwinning Plus") which allows for virtual cooperation between schools and teachers.

In the area of **research and innovation**, around 200 contracts were signed by the end of 2013 with the Mediterranean partner countries, with an EU contribution of over EUR 60 million. In the same period, the EU contribution to the participation of research organizations from the Eastern Partnership countries exceeded EUR 40 million. Three Neighbourhood countries requested association with Horizon 2020, the new EU Research and innovation Programme: Israel, Moldova and Armenia. Ukraine, which also expressed interest in association, has already a Science and Technology Agreement in place which is planned for renewal in 2014.

Russia is the most active international cooperation partner in Research and Innovation, with Russian participants involved in over 300 grant agreements under FP7, receiving around EUR 70 million of EU funding. The EU-Russia Year of Science 2014 was launched in November 2013 with high level attendance by EC and Russian authorities, scientists and stakeholders.

Cross Border Cooperation (CBC)

During 2013 all 13 CBC programmes established along the EU's external borders in the East and the South finalised the contracting of all the projects selected for funding. In total, for the duration of the seven year programme, over 900 projects were contracted with a total value of approximately EUR 950 million. 127 projects have already been finalised, and over 800 are still being implemented. The projects are implemented in a diverse range of fields including environmental protection, tourism, education and culture.

Case studies

Libya: supporting Civil Society

The programme 'Support to civil society in Libya' trained 60 constitutional 'ambassadors', out of which 27 % are women, covering the 60 basic constituencies on which the elections of the Constitutional Drafting Assembly (CDA) will be based. The training aimed to develop the participants' skills to run a national constitutional awareness campaign. Educational material was developed and is being used by the 'ambassadors' during the conferences and workshops (20 so far) organised across Libya to stimulate debate and awareness of the constitutional process, which is vital for the transition to democracy. The campaign will be intensified in the run up to the elections, and it is intended to submit a set of recommendations to the CDA, once it is elected, that were gathered during the conferences and workshops. The programme also supported the development of a National Public Opinion Survey on constitutional issues, which gained insights into the views and feelings of citizens regarding the process of developing the new constitution.

Syria: providing school education for refugee children in need

Through EU support, at least 780 000 children in Syria, Jordan and Lebanon, many in refugee camps or internally displaced, have been receiving school education, that is adapted to the Syrian curriculum so that they can continue their schooling. Around 10 000 teachers have been trained in teaching methods or psycho-social support in Syria, Jordan and Lebanon to help them teach and support the affected children more effectively.

In addition, a special focus on people with specific vulnerabilities when exposed to conflict and violence, such as women, children, the elderly, migrants or persons with disabilities is helping 300 000 children and women with protection, specialised psycho-social and gender-based violence support.

Southern Neighbourhood: preparing students to respond to natural and man-made Disasters

125 000 copies of a CD ROM- based computer game that aims to develop preventative techniques through awareness-raising amongst young people have been distributed to schools by the Lebanese Civil Defence Organisation as part of the Euromed Programme on Prevention, Preparedness and Response to Natural and Man-Made Disasters. The educational game was chosen due to its interactive nature. Its aim is to learn to manage the various dangers that threaten all citizens in their everyday lives and how to respond to accidents that can happen in the event of earthquakes and fires. The game can also be downloaded free-of-charge online. More than 300 000 children have already benefited from this project.

Armenia: promoting Equal Rights and Opportunities

The EU, UNDP and the government of Armenia have united their efforts to promote gender equality through a three-year 'Women in Local Democracy' project. The project has supported the participation of women from urban and rural communities in the local electoral process and has helped to reduce gender-specific constraints that women face in social and economic decision-making processes in Armenia. Supporting the development of a stronger civil society and media able to engage in gender and democratic governance issues, as well as to promote a non-stereotyped portrayal of women and men has been one of the main aims of the project.

Eastern Neighbourhood: enhancing Integrated Border Management

The Integrated Border Management Flagship Initiative in the Eastern partner countries has helped to improve cross border movement of people and goods and at the same time increased security and reduced smuggling and human trafficking on the borders between the Eastern Partnership countries. So far, 10 projects have been financed to boost regional integration and connectivity as well as contribute to the socioeconomic development on both sides of the border. Additional investments have been mobilised via the NIF and European Financial Institutions. For example, a NIF grant, blended together with loans from the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), is being used to modernise border crossing points between the Republic of Armenia and Georgia at Bagratashen, Bavra and Gogavan.

Monitoring

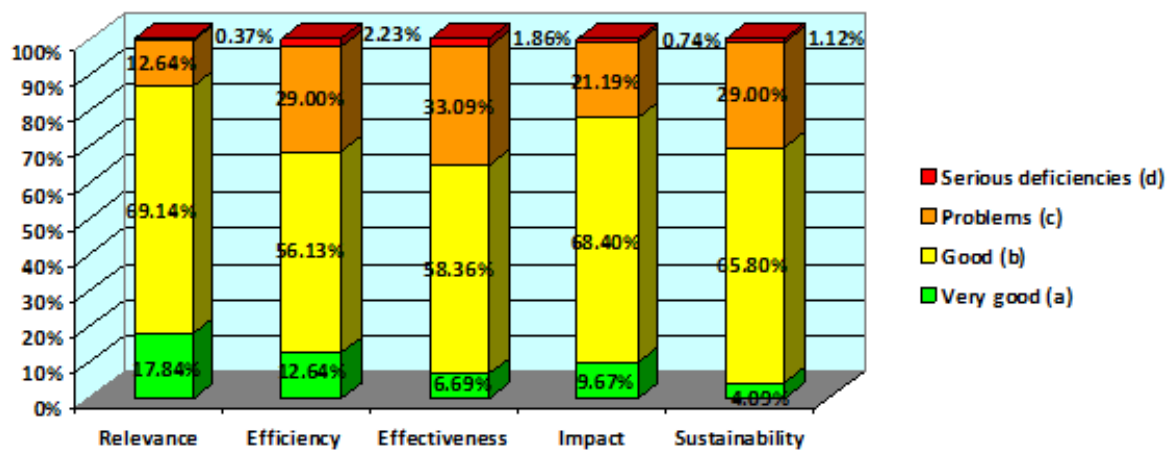
In 2013, results-oriented monitoring (ROM) missions were implemented in all ENPI countries, except Syria. ROM coverage reached 43 % of all ongoing projects and programmes and 32 % of the budget. In all, 489 ongoing interventions (264 national, 60 regional, 161 sub-regional and four budget support) were reviewed and 37 assessed ex-post. The total budget in the monitored interventions was over EUR 1.5 billion.

National projects scored, in average, 2.87. About 78 % of the Neighbourhood portfolios scored 'very good' (category I) or 'good' (category II). This was 5 % down from 2012 and reflected a growing share of projects 'performing with problems' (category III) (18.5 %) while reducing the share of 'non-performing projects' (category V) at 3.8 %. Hence, the overall performance of the regional portfolio also decreased to 2.83 compared to 2.95 in 2012.

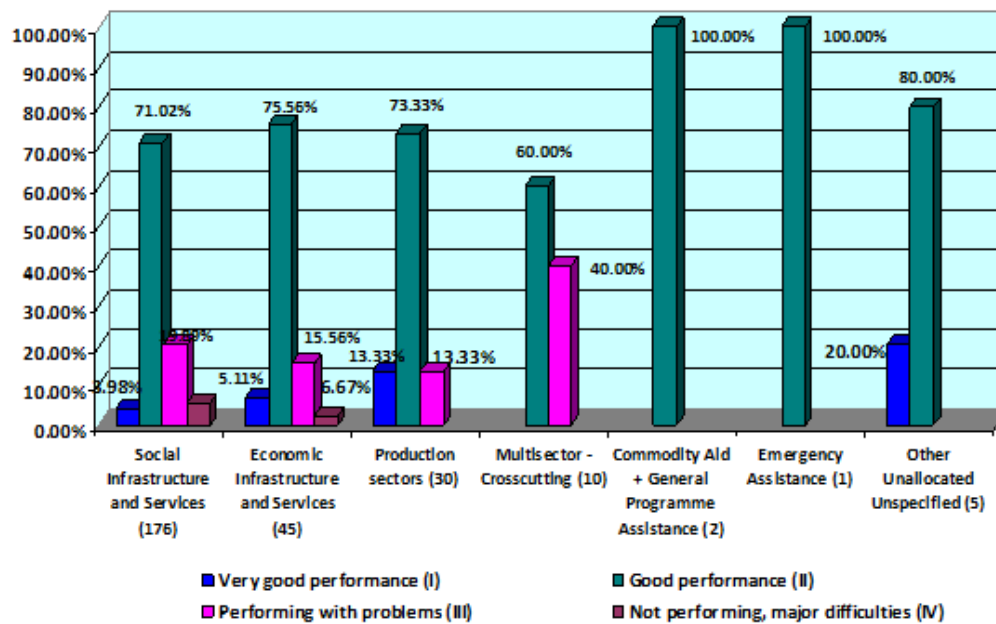
Relevance and impact scored high in more than 80 % of the national and regional projects, and potential sustainability was as at least 'good' for about 70 %. However, substantial challenges remain in efficiency. About 31.5 % of all ENPI national and 37 % of regional projects need to improve their performance in terms of inputs used, work with partners and implementation of activities. In addition, effectiveness is problematic in 35 % of national and 30 % of regional interventions.

The majority of interventions were in the social infrastructure and services sectors, where 74.86 % of national and 80.25 % of regional portfolios showed good performance. Projects implemented in the government and civil society sub sectors contributed significantly to good overall sector performance. Projects in the economic infrastructure and services, and production sectors followed closely behind.

Performance by DAC criterion - ENPI Region /
National Projects ongoing - ROM Year 2013



Performance per ODA sector - ENPI Region
Ongoing National Programmes / Projects



Perspectives

The EU remains committed to building partnerships with each of its neighbours reflecting their respective needs, capacities and reform objectives. The partners' reform paths and ambitions as regards their relations with the EU, and the challenges individual countries face, are becoming more and more diverse. This will require relations between the EU and its partners to become more differentiated and thereby respond better to the expectations and needs of each partner.

The ENP, with its policy instruments, will continue to enable the EU to respond to this challenge while at the same time providing a common framework for relations with its neighbours. The EU's funds for the Neighbourhood under the new MFF 2014-2020 provided under the ENI will remain on a broadly similar level as for the previous seven-year period (2007-2013).

In terms of future assistance, EU assistance to the Southern Neighbourhood will focus mainly on governance and socioeconomic development including further support to consolidating transition processes. Support to civil society will remain an essential element. The EU will continue supporting **Palestine** and the Palestinian people and will maintain cooperation with **Israel** through twinning.

In **Libya** and **Syria**, EU action will also depend on the situation on the ground. The EU will keep providing support to the population affected by the Syrian crisis, both inside Syria and in the neighbouring countries.

Regional South cooperation will support human rights, democracy, good governance and inclusive and sustainable growth. Support to private sector, civil society and local and regional authorities will contribute to creating a vibrant regional dynamic to support democratic processes.

In the Eastern Neighbourhood, the EaP will remain a major framework of cooperation. EU assistance will centrally support implementation of AA/ DCFTAs and partners' agendas of convergence with EU norms. Cooperation will further address governance, agriculture/ rural development, and private sector development, for example in **Armenia**, **Georgia** and **Moldova**. Support to Confidence Building Measures in Transnistria will be maintained. In **Ukraine**, the EU remains committed to support economic and financial stabilisation of the country.

Regional East cooperation will support democracy building, good governance, poverty reduction and sustainable development. The EU will strengthen the role, structures and organisation of civil society and local authorities, for example in **Belarus**, **Azerbaijan** and **Russia**, and will also reinforce support to migration and border management issues.

2.1.2. Middle East

Introduction

MIDDLE EAST PEACE PROCESS (MEPP)

The EU continued its full support to the MEPP in 2013. EU diplomatic activities within the Quartet, with the Arab League and other partners re-enforced the US efforts leading to the resumption of negotiations in July. The EU supported the US MEPP initiative in the UNSC in April, welcomed the resumption of peace talks in its July FAC Council Conclusions and co-signed the September Quartet statement of support to the parties' commitment to reach a permanent status agreement within nine months. The December FAC sent a strong signal of EU readiness to contribute substantially to post-conflict arrangements and offered an unprecedented package of European political, economic and security support to both parties in the context of the achievement of a final status agreement.

In line with its commitment to a two-state solution, the EU pursued its financial and technical assistance to Palestinian state-building efforts, private sector development and humanitarian aid, while **EUPOL COPPS, the EU Police Mission in the Palestinian Territories**, helped improve the Palestinian security and justice sectors. High Representative Ashton hosted the Ad Hoc Liaison Committee (AHLIC) in April and participated in the September meeting. The EU **Partnership for**

Peace programme continued to support civil society initiatives towards peace, tolerance and non-violence.

The EU warned against acts that undermine the negotiations and threaten the viability of a two-state solution, in particular the expansion of Israeli settlements in the occupied Palestinian land, including in East Jerusalem, which were the subject of several High Representative statements. In line with EU non-recognition of Israel's sovereignty over occupied territories, the Commission issued Guidelines in July to ensure that Israeli entities and their activities in these territories will not benefit from EU grants, prizes and financial instruments. The EU also expressed grave concern regarding incitement and incidents of violence in the occupied territory.

Fully recognising Israel's legitimate security needs and taking into consideration the Gaza ceasefire agreement of November 2012, the EU reiterated its appeal for an end to the Gaza Strip blockade while continuing to provide humanitarian aid. There was no implementation of the 2011 reconciliation agreement between Fatah and Hamas. The EU maintained the European Union Border Assistance Management (**EUBAM**) **Rafah** mission's preparedness to redeploy to the Rafah Crossing Point once political and security conditions allow.

In **Palestine**⁴⁷, the EU continued its state- and capacity-building support to the Palestinian Authority through the 'Mécanisme Palestino-Européen de Gestion de l'Aide Socioéconomique' (PEGASE). A special report by the European Court of Auditors published in December 2013 concluded that, despite the difficult circumstances, the EU was successful in implementing direct financial support through PEGASE while noting reservations as to its sustainability. Alongside direct financial support to the Palestinian Authority, the EU continued to provide support to the General Fund of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), which provides essential health, education and social protection to Palestinian refugees in its five fields of operation. Additional support was mobilised to UNRWA in view of the crisis in Syria. In line with the EU-PA Action Plan adopted in April 2013, the third component of bilateral cooperation with Palestine consisted of development projects in the focus sectors of governance, private sector development and water and land management. Through its East Jerusalem programme the EU also continued to provide support to the Palestinian population with a view to ensuring their access to services in East Jerusalem.

The political environment remained very challenging throughout 2013 in **Iraq**. Internal sectarian tensions, exacerbated by the conflict in neighbouring Syria, continued to undermine stability and the country experienced the worst year of sectarian killings since 2008. The Government response included a sharp increase in the use of the death penalty, over which the EU regularly voiced its concerns. Highly divisive positions amongst the country's political leaders represented a significant burden to effective administrative activity. The High Representative visited Iraq in June to promote bilateral cooperation and to discuss ways of addressing the root causes of the violence.

Bilateral relations progressed substantially with the operational start of implementing the EU-Iraq Partnership and Cooperation Agreement signed in 2012 and currently under provisional application. The first technical expert-level meetings were successfully held and covered energy, trade, democracy, human rights and related policies, followed by a senior officials' meeting in November.

The EU continued its bilateral support with a strong focus on technical assistance and capacity building to help Iraq realise its full economic potential.

Yemen lived through a crucial year for its political transition. The implementation of the Gulf Cooperation Council (GCC) brokered agreement, an agreement to which the EU had made substantial efforts to ensure its success, moved forward with the launch of a National Dialogue Conference (NDC). According to the original timeline the NDC should have concluded its work with the production of different sets of recommendations for the future national constitution by 18 September 2013, however at the end of the year the work was still continuing. The NDC finally got to a conclusion on 25

⁴⁷ This designation shall not be construed as recognition of a State of Palestine by the Member States and is without prejudice to their individual positions on this issue

January 2014. Drafting of a new Constitution and holding of a Constitutional referendum and general elections will be the next steps.

Aid effectiveness and donor coordination

The Commission was instrumental in setting up and funding multi-donor trust funds in Iraq. This multilateral approach has allowed the priorities of the Iraqi authorities to be taken into account alongside those of the EU. EU cooperation is therefore moving from joint assistance with UN agencies to more direct cooperation targeting the development of sector policies and strategies. This is a key factor in developing a culture that targets national interest via national policies and will also be the opportunity to improve donor coordination and division of labour.

Donor coordination advanced at the donor conference on Yemen in Riyadh in September 2012, where USD 7.8 billion worth of pledges for the country's development were set aside. In 2013, the G10 group composed of Ambassadors from the five countries that are permanent members of the UNSC (P5), the EU and the four Gulf countries present in Yemen continued to coordinate and to monitor Yemen's transition process, and also started to disburse some of the pledges made in Riyadh. The end of the NDC should enhance donors' confidence in the direction of the transition and bring an even greater surge in support for urgent transition needs. One of the areas with most stringent needs is PFM, given the looming fiscal crisis Yemen faces; this was at the same time an area that saw excellent donor coordination in 2013, with the government and donors agreeing on an updated Action Plan for PFM reform.

Working towards the MDGs

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 at 48.6 %. Iraq faces considerable challenges in its efforts to meet the 2015 MDGs, particularly in gender equality (27% of seats are held by women in the national parliament) 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.⁴⁸

Most MDG indicators have worsened in the aftermath of the 2011 crisis in Yemen: poverty and food insecurity have affected half the population and many children remain out of school. The EU addresses these challenges by improving basic services in social protection and health (including an important focus on nutrition), and by launching economic development programmes, primarily targeting youth, the unemployed and women.

Implementation and results:

In 2013 two programmes for the benefit of Iraq have been adopted: Good Governance and Rule of Law (EUR 22 million) and Education and Labour Market (EUR 18.2 million). Their implementation should be conducted over a period of approximately four years.

The year 2013 saw the most significant EU support to Yemen since bilateral cooperation started. EUR 52 million was allocated to projects increasing resilience both in terms of the rural population and of the government's basic service distribution systems, such as social protection and health. These allocations were significantly increased due to the commitments taken at the Riyadh donor conference in 2012 to support Yemen's transition process.

⁴⁸ 2015 Millennium Development Goals – Iraq (UNDP – Report 2013) - http://www.undp.org/content/dam/iraq/docs/mdgs/MDG%20Booklet%202013_C_FIN-EN.pdf

Due to the ongoing dispute over the country's nuclear programme the EU's mandate for cooperation with Iran is limited. Implementation of projects by local or European CSOs is hampered by administrative obstacles such as difficulties in issuing visas and carrying out international bank transfers.

Case study

Support to PFM reforms in Yemen

For the past three decades, the fiscal position of Yemen has not been sustainable and, despite its oil revenue, the country has remained constantly in need of external financial support. In addition, the political crisis following the 2011 revolution has revealed the weakness of the PFM system and the timidity of past reforms has failed to contain on-going fiscal challenges. While the international community has put in place the Transitional Programme for Stabilisation and Development 2012-2014, it appears that the PFM mechanisms for executing the programme either do not exist or are highly inefficient. In practice, the Government does not have a PFM system that will allow it to swiftly implement emergency measures to strategically reinforce the economy or to provide support to impoverished provinces.

In Yemen, PFM reforms have to be geared both towards urgent fiscal recovery and towards longer-term consolidation. In 2013 the EU has provided assistance to the Government of Yemen to define a short term action plan to solve 'urgent issues' and to focus on 'quick wins'. Donors consider that success of this action plan is essential to ensure the country's stability and quickly improve PFM processes before supporting deeper PFM reforms. This action plan has now been endorsed by the Government of Yemen and donors. It will provide a comprehensive framework for all stakeholders during the transition period.

Monitoring

Due to the tense security situation in Iraq, the EU is not in a position to carry out regular monitoring of projects. Some ongoing projects are reviewed by independent experts. Additional monitoring actions are carried out in the form of monthly reports, steering committees and monitoring missions.

While the situation is similar in Yemen, an evaluation of EU-Yemen cooperation between 2002-2012 was launched in early 2013 and its results are expected in early 2014 and will most likely guide the direction of Yemen programmes after 2015.

Perspectives

EU support in the areas of governance, democracy and the rule of law, and education remains crucial for Iraq. In 2013, the EU continued the preparation of the 2014-2020 bilateral development cooperation with Iraq. In line with the 'Agenda for Change', the EU has taken significant action to align future development cooperation programming to Iraq's National Development Plan 2013-2017.

Yemen is undergoing a mostly successful transition process with a unique National Dialogue shaping the future state and political scene. At the same time, it is still facing enormous challenges in terms of security and its socioeconomic situation, which need to be tackled through resolute and imminent reform.

Within the wider context of the Arab Spring, and further to the election of President Rohani in June 2013, the country context seems to be becoming more conducive to civil society work in Iran. The

potential impact of the agreement recently reached on a Joint Plan of Action with regard to the nuclear issue will also have to be monitored.

2.2. Africa and all African, Caribbean and Pacific states (ACP) programmes

2.2.1. Africa-EU Strategic Partnership

In 2007, the EU and Africa adopted a new strategic framework for their relations, the Joint Africa-EU Strategy (JAES), which has been implemented by means of jointly identified priorities and actions. The JAES is based on common values aiming to promote shared interests and to tackle common challenges. The Joint Strategy has until now focused on eight key areas of cooperation: peace and security; democratic governance and Human Rights; trade, regional integration and infrastructure; Millennium Development Goals; energy; climate change and environment; migration, mobility and employment; science, information society and space.

The fourth Africa-EU Summit taking place in Brussels on 2-3 April 2014 will be dedicated to the theme “Investing in People, Prosperity and Peace”. It will take stock of tangible results achieved so far in the context of the JAES and provide new impetus to the partnership for the years to come. An EU-Africa Business Forum to be held at the eve of the Summit will gather business representatives with a view to intensify economic and investment ties between both continents. More information can be found on the JAES website⁴⁹.

Under the African Peace Facility (APF), the key instrument for implementing the Africa-EU Partnership on Peace and Security, more than EUR 1.2 billion of assistance has so far been channelled. The APF combines short-term funding for crisis response with a longer-term support of institutional capacity building. In 2013, considerable support was provided to the African-led peace support operations AMISOM in Somalia, MICOPAX in the Central African Republic and AFISMA in Mali. Furthermore, capacity building programmes are being implemented to support the implementation of the African Peace and Security Architecture (APSA)⁵⁰ at the continental and regional level. Through the Early Response Mechanism (ERM), financial support has been provided to seven actions in 2013 namely focused on mediation and prevention activities but also on Human Rights and post-conflict efforts. A comprehensive external evaluation of the APF was also completed in 2013 and will inform the next multi-annual programming of the APF⁵¹.

Africa-EU cooperation within the framework of the JAES has steadily gained momentum and delivered concrete results at political and operational levels. For instance, in 2013 the JAES-Support Mechanism, allowed for significant progress for the ‘Copernicus’ (previously known as the ‘Global Monitoring for Environment and Security (GMES)) programme in Africa which resulted in three thematic Action Plans expected to be adopted at the fourth Africa-EU Summit.

The 10th AU-EU (African Union- European Union) Human Rights Dialogue in Brussels on 20 November 2013, preceded by an AU-EU civil society seminar, focused on elections, the International Criminal Court (ICC), rights of migrants, people with disabilities and human rights concerns in Europe

⁴⁹ <http://www.africa-eu-partnership.org/>

⁵⁰ http://ec.europa.eu/europeaid/where/acp/regional-cooperation/peace/capacity_building/apsa_en.htm

⁵¹ http://ec.europa.eu/europeaid/where/acp/news/21112013_en.htm

and Africa. Under the JAES Support Mechanism, seminars on Women and Children in Armed Conflict, Peace and Security, as well as on sexual violence were organised.

The African Higher Education Harmonisation and Tuning pilot initiative, launched in the framework of the Joint Africa-EU Strategy, was successfully concluded in 2013. Sixty universities from across the continent are now publishing results in scientific journals and disseminating their research in specialised press at continental and international level. Given the success of the pilot initiative both at grassroots and at policy level, preparations are being made for wider scale initiatives. An EU-Africa Summit side event on the harmonisation of higher education and portability of qualifications will take place in March 2014. Interest in both the Erasmus Mundus and the Intra-ACP Mobility Programme increased during 2013. New activities for Maritime Security and Counter-Piracy focus on the Eastern Africa and Western Indian Ocean region. More information on key achievements of the JAES can be found on the website of the Africa-EU Partnership.

Moreover, in 2013 preparations have started for a new *Pan-African Programme*, which will provide dedicated support to the Strategic Partnership. It will be funded under the EU's Development Cooperation Instrument with a financial envelope of € 845 million for the period 2014-2020. More information can be found on the APF website.

2.2.2. Sub-Saharan Africa

Introduction

Throughout 2013, the EU continued to focus a reinforced partnership with Africa on three pillars: peace, prosperity, and the common challenges that we face together. The EU has drawn together all the elements of policy in the **Sahel** and the **Horn of Africa** regions into strategies that provide a comprehensive approach to achieving solutions. Preparation for further strategies covering other areas and challenges was stepped up in 2013. Development and the fight against poverty, as well as peace, security, stability, good governance, human rights and the rule of law continued to be at the centre of EU action.

The implementation of the EU Strategy for Security and Development in the **Sahel** continued throughout 2013, with a review demonstrating solid progress and delivery in all the four main strands: political, development, security, and countering violent extremism. In that context, efforts were made to mobilize EUR 5 billion for the Sahel region including Burkina Faso, Chad, Mali, Mauritania, Niger and the West African regional programme for the coming seven years (2014-2020).

Since the beginning of the political and security crisis in **Mali**, the EU has continuously supported Mali's territorial integrity, its return to constitutional order and a political settlement of the crisis through dialogue. In February 2013, following the adoption of a political roadmap, the EU resumed its political dialogue with the interim administration and provided substantial support to the transition process towards full restoration of constitutional normality, peace and order and the rule of law. Successful and transparent presidential and legislative elections marked a decisive turning point in 2013. The EU also gradually resumed its development cooperation once the political roadmap was adopted. On 15 May 2013, more than EUR 3.25 billion was pledged during the Brussels high level donors' conference for Mali with the EU alone announcing EUR 1.28 billion including budget support. By the end of 2013 EUR 521.3 million, equivalent to 99.7% of the pledges announced by the Commission, were committed and EUR 238 million had been paid. The Commission is also fully engaged in the international follow-up mechanism, in order to guarantee the best effectiveness and transparency possible in the disbursement of the fund.

In 2013, the EU also continued to actively implement its Strategic Framework for the **Horn of Africa**, in further pursuit of a comprehensive approach to its actions in the region. Political, financial and

security support was provided to Somalia and the African Union for the African Union Mission in Somalia (AMISOM). The EU took a lead role in supporting the development of a Somali Reconstruction Plan (a 'Compact') for 2014-2016, in the framework of the New Deal agreement for fragile countries, to assist the establishment of peace and the building of Somali state institutions. In September, the EU and Somalia co-hosted a high level conference at which the international community endorsed the Somali Compact and pledged EUR 1.8 billion in support of its implementation.

In 2013, the EU increased its attention on the continuously deteriorating security, political and humanitarian situation in the **Central African Republic (CAR)** where the physical protection of civilians and the defence of human rights became a major challenge. The EU strongly supported the regional and international efforts to find a political resolution to the crisis and to restore security, including through African Peace Facility (APF)⁵² support to African forces (MICOPAX – the Mission for the Consolidation of Peace in Central African Republic followed by MISCA – African-led International Support Mission to the Central African Republic). In 2013, the European Commission and EU Member States also provided over EUR 76 million (compared to EUR 20 million in 2012) in humanitarian assistance to CAR.

The EU continued to contribute to pursue durable peace and security in the **Great Lakes** region, supporting international efforts to bring stability, to address the root causes of conflict, to fight poverty and promote economic development. During 2013 the EU began preparations to preserve and maintain the achievements of two CSDP missions (EUSEC RD Congo and EUPOL RD Congo) on Security Sector Reform (SSR) with a long-term package of activities, conducted in partnership with the DRC authorities, using available EU instruments and resources.

The EU continued firmly to support regional integration as a fundamental element to ensure African ownership and leadership in confronting African challenges, to enhance competitiveness, and to promote peace, development and good governance throughout the continent.

Aid effectiveness and donor coordination

The EU's aid effectiveness initiatives on joint programming, results, mutual accountability and transparency all have their impact on Sub-Saharan Africa. Joint Programming, for instance, has become more prevalent. In Sub-Saharan Africa, twenty-one countries are expected to engage in the Joint Programming process during the 2014-20 programming period. These include several countries in fragile situations such as **Burundi, Chad, Mali, South Sudan** and **Togo**. The EU and Member States will base their interventions on the development plans of partner countries, including synchronising their programming with those of national cycles. They will respond jointly and ensure an efficient division of work between the parties.

Donor coordination was pursued in Sub-Saharan Africa with EU Member States and key development partners. Draft joint programming documents were prepared in a number of countries including **Chad, Ghana, Rwanda** and **Togo**. Coordination groups and exchanges were pursued across the region. In Togo, for example, a donors' group was established and has regular exchanges on PFM and Budget Support issues. It includes the EU, EU Member States, the World Bank, the International Monetary Fund, United Nations Development Programme and the African Development Bank. Through this group, actions can be coordinated to ensure better complementarities within the donor community and with the Togolese government. While the group's work could be further extended it already allows for regular discussions and follow-up such as six-monthly reviews on the government's PFM reform programme.

⁵² http://ec.europa.eu/europeaid/where/acp/regional-cooperation/peace/index_en.htm

In Eastern Africa, the EU has been the lead donor for **Somalia** since the New Deal process was launched at the end of 2012. On 16 September 2013 the EU hosted the Somalia Brussels Conference where the Somali Compact was endorsed. With this New Deal Compact, the international community and Somali government, civil society and regions have committed themselves to focus on a limited number of top priorities over the coming three years (2014-2016). The Compact, the result of a nationally-owned process, identifies not only priority actions in the area of inclusive politics, security, justice, economic foundations and revenue and services, but it also sets out mutual partnership commitments for more effective international assistance. These principles will guide all international assistance provided to Somalia and will shape the design of aid operations. The 11th EDF for Somalia is entirely structured around the priorities set-out in the Compact.

Research and innovation

In the context of the Joint Africa-EU Strategy work has continued on the implementation of the second action plan with a focus on capacity building in the area of science and technology. By 2013 some 300 contracts had been signed with Sub-Saharan Africa countries with an EU contribution of well over EUR 100 million.

The first initiative of European and African countries to jointly fund collaborative research projects was agreed in the framework of the FP7 international cooperation ERANET action (ERAfrica). The joint call was launched in January 2013 with a budget of EUR 11 million and offered research funding in the areas of renewable energy, interfacing challenges and idea driven research.

At its meeting in November 2013, the EU-Africa High Level Policy Dialogue selected food and nutrition as a priority topic for further future cooperation.

Working towards the MDGs

Africa is the second fastest growing region in the world and yet it struggles to achieve the first goal of the MDGs: halving the rate of extreme poverty by 2015. However, in 2012, 15 out of 20 countries that progressed the most in terms of MDGs were from Africa and 30 sub-Saharan African countries have experienced an accelerated progress towards the achievement of MDGs over the last three years. Specifically, **Burkina Faso, Mozambique and Namibia** lead the way in faster progress for 16 of the 22 indicators regarding poverty reduction. Substantial advances were made as well in the field of health, notably halting the spread of HIV/AIDS, tuberculosis and malaria, and the improvement of maternal health. Sub-Saharan Africa has also strived hard to provide wider access to primary education for children with an increase from 60% to 77% between 2000 and 2011. Further efforts should now concentrate on strengthening institutions in order to build up further progress towards the goals. Indeed, stronger, more development-oriented and politically stable countries tend to show better results in attaining the MDGs.

MDGs in Ethiopia

Ethiopia is making progress in reducing food insecurity (MDG 1c). One major example is Ethiopia's Productive Safety Net Programme (PSNP). Annually, since 2005, the PSNP has provided predictable assistance (via cash or food) to about 7.5 million vulnerable people in return for participation in public works. For participating households this has meant that their average number of months when they experienced food security increased from 8.4 months in 2006 to 10.1 months in 2012. It also led to a 62 % reduction in distress sales allowing beneficiaries to maintain their assets in crisis times, thereby giving them a better chance to improve their livelihoods afterwards. Moreover, the PSNP has prevented the re-emergence of large-scale famines in Ethiopia, including during the 2011 drought in the Horn of Africa, while improving overall nutritional intake for beneficiaries. As a multi-donor programme it is financed by ten development partners, including the EU. Over the past five years, the EU allocated EUR 125 million to the programme disbursing EUR 31.5 million in 2013.

MDGs in Rwanda

The EU supported the national poverty reduction and economic growth strategy to reinforce positive trends in terms of MDGs by providing a total of EUR 53.75 million in 2013 through sectorial budget support programmes in the field of social protection and agriculture as well as general budget support. The country is on track to achieve three MDGs: universal primary education, promoting gender equality; and reducing child mortality. Significant progress has also been made in eradicating poverty and improving maternal health.

The combination of improved infrastructure and agricultural productivity supported by the EU has contributed to a fall in rural poverty rates in **Rwanda**: in the last five years rural poverty fell from 61.9% to 48.7% and extreme rural poverty fell from 39.5 % to 26.4 %. In terms of security progress includes the scaling up of the flagship programme 'Vision 2020 Umurenge' Programme, which targets poor households with financial and social development assistance, and granted direct support (cash transfers) to 100 % of eligible households.

Update and overview of the EU Millennium Development Goals (MDG) Initiative

Launched in 2010, the EU's MDG Initiative aims to foster faster progress on the most off-track MDGs in ACP countries. EUR one billion of funds from the 10th European Development Fund (EDF) have been committed through 69 projects being implemented by non-governmental organisations, member state agencies and international organisations in 46 countries of Africa, the Caribbean and the Pacific.

The last 12 projects of the MDG Initiative were signed during 2013. One of these new actions has started in **Malawi** and will contribute to national efforts to achieve the MDGs for sustainable water supply and environmental sanitation, specifically in 15 districts and seven cities of Malawi. The contribution of the MDG Initiative will reach EUR 24 million in three years. Approximately 500 water points will be constructed or rehabilitated and 50 health centres will receive an appropriate piped water supply system, among many other activities on infrastructure, capacity building, education and communication. The end beneficiary of this programme will be the poor urban and rural population of Malawi, in particular women who are in charge of the household water supply, children going to school, and patients of health centres. The line ministries (water, health, rural development and education) and local authorities will be also the beneficiaries of capacity building initiatives.

Another action has started in **Guinea-Bissau** aiming at sustaining improved access to basic, quality healthcare for pregnant women and children under five years old in Biombo, Cacheu, Oio and Farim. The MDG Initiative contribution is EUR eight million and the implementation is in partnership with local institutions, UNICEF and several NGOs.

Implementation and results:

The 10th EDF was fully committed in 2013

In 2013, the Commission committed EUR 4.78 billion under the EDF surpassing the target that had been fixed for the year by 14 %. For Sub-Saharan Africa, the target was also exceeded (by 11 %) and a total of EUR 3.95 billion was committed. Significant efforts by Commission services to commit as much as possible before the final date for commitments under the 10th EDF on 31 December 2013 made it possible to achieve these results. With regard to payments, the Commission also surpassed

targets for 2013, paying over EUR three billion under the EDF and over EUR 2.5 billion in Sub-Saharan Africa alone. By the end of 2013, all the funds allocated for the 10th EDF had been committed (a total of EUR 21.2 billion) and the Commission had already managed to disburse almost 50 % of these commitments.

Establishing the legal basis for the new programming period 2014-2020

Each EDF is established by EU Member States, outside the EU Budget, on the basis of an 'Internal Agreement'. The 11th EDF Internal Agreement was signed by Member States in June 2013. It includes the overall amount of the 11th EDF (EUR 30 506 million), the breakdown of funds by broad financial envelopes (resources for cooperation with ACP countries, resources for cooperation with Overseas Countries and Territories, resources to be managed by the EIB, support expenditure for implementation of the EDF by the Commission etc.), as well as Member States' contributions and voting rights. It has to be ratified by all Member States before it can enter into force.

The 11th EDF Internal Agreement entails only minor modifications compared to the 10th EDF; the main areas of change were to further align Member States' contributions keys under the EDF with the keys used for the EU budget and to insert changes foreseen by the second revision of the Cotonou agreement⁵³ (creation of regional B-envelopes for unforeseen needs and a new shock absorbing scheme). The Cotonou agreement was also updated through the insertion of a new financial protocol for the multiannual financial framework 2014-2020 (annex Ic), adopted in June 2013 by the ACP-EU Joint Council of Ministers.

Detailed provisions on programming and implementation of development cooperation as well as monitoring, reporting and evaluation requirements are defined in the Implementation Regulation. The Commission proposal for the 11th EDF Implementation Regulation was adopted by the College of Commissioners in June 2013 and Council negotiations should be finalized early 2014. The EDF Implementation Regulation is aligned as much as possible with development cooperation instruments financed under the Budget, to simplify and harmonize the procedures of EU development cooperation, while preserving compliance with the Cotonou Agreement.

In addition, the financial rules for the 11th EDF are set in the Financial Regulation, for which Council negotiations were concluded in January 2014. The 11th EDF Financial Regulation is also aligned to the maximum extent possible with the Financial Regulation of the General Budget. As there will be a delay until the entry into force of the 11th EDF, due to the ratification process, transitional measures ('Bridging Facility') were set up to cover the period between January 2014 and the entry into force of the new EDF in order to avoid a hiatus in commitments. As the funds available under the 'Bridging Facility' will be limited, they will be used for responses to emergencies and for priority actions that cannot be postponed until the 11th EDF comes into force.

Eastern and Southern Africa and the Indian Ocean

The final year of the 10th EDF and the programming exercise for the multi-annual financial framework 2014-2020 shaped the bilateral and regional cooperation activities of the EU with Eastern and Southern African and Indian Ocean countries (ESA-IO) that amounted to more than EUR 1.5 billion of new committed operations in 2013. In total, over EUR 800 million were disbursed to fund projects in the region.

EU bilateral cooperation with countries in the ESA-IO region helped to improve the lives of millions of people. Budget Support programmes in the region have a particular emphasis on supporting the implementation of existing national poverty reduction strategies and PFM reforms. EU development aid programmes also focus on specific national sector reforms that are expected to contribute

⁵³ http://ec.europa.eu/europeaid/where/acp/overview/cotonou-agreement/index_en.htm

positively to national 'pro-poor' economic growth in areas such as agriculture, education, good governance and energy.

In particular, the EU put in place a number of budget support programmes in 2013 in line with the new Budget Support Guidelines. Overall commitments amounted to EUR 190.2 million with payments amounting to EUR 174.9 million in 2013. Payments were below the maximum potential owing to the suspension of disbursements where grant conditions were not being met. In a number of countries programmes were interrupted due to issues surrounding the macroeconomic framework (**Zambia** and **Mozambique**) and corruption (**Malawi** and **Uganda**). In the case of Malawi the EU together with other resident development partners offered technical assistance to H.E. President Joyce Banda. The economic situation of Malawi stabilised and a domino-effect of deterioration was prevented.

The Commission continued to support reforms to improve PFM. This entailed the formal assessment of PFM systems through the Public Expenditure and Accountability (PEFA) framework in four countries (**Tanzania, Botswana, Uganda** and **Zambia**) and a continuous assessment of performance for all countries receiving budget support.

With respect to fragile states, the Commission explored the possibilities of providing State Building Contracts in **Somalia** and **South Sudan**. In Somalia this proved to be premature, but the work undertaken has provided a good basis for framing support to key institutions such as the Central Bank and the Ministry of Finance. In South Sudan the Commission moved ahead with plans to implement budget support and adopted a EUR 85 million State Building Contract aimed at covering the salaries of education and health workers on the Government's payroll system for two fiscal years. Although the signature of a Financing Agreement for a State Building Contract took place in December 2013, it was not possible to make a first disbursement before the end of the year as the country failed to meet the key prior action on exchange rate liberalisation (part of the IMF programme) and the breakout of the politico-military conflict on 15 December 2013.

Case studies

Eco-village for Tanzania

To tackle climate change in **Tanzania**, the GCCA (Global Climate Change Alliance) funded the eco-village project in Cholulu is a model of good practice in climate change adaptation. As part of the project, the community was empowered to test, evaluate and take up 20 climate change related innovations in agriculture, livestock, water, energy and natural resources. As a consequence the villagers have planted 17 500 trees with a 75 % survival rate. Ten domestic biogas plants have also been constructed to supply villagers with power for cooking and lighting. Those still using firewood for cooking have now access to 60 improved stoves that supply the same quantity of energy with half the amount of wood. The school roof has been fitted with special rainwater catchers to gather tens of thousands of litres of fresh water. After just one year, the community has recorded improved harvests, has better food security and increased household

Sawlog boosts commercial forestry in Uganda

The Sawlog Production Grant Scheme (SPGS) supports commercial forestry in **Uganda** through the provision of retrospective matching grants to private SMEs. In December 2013, the project reported more than 35 000 hectares of commercial forestry plantations fulfilling high technical and quality standards with over 500 supported private investors. The EU contributed EUR 10 million for the second phase of the project and was also involved in the first phase. The main interventions of the project were: supporting the establishment of the forest, training and raising public awareness on commercial forestry, supporting communities to plant trees, supporting the strengthening of the Uganda Timber Growers' Association (UTGA) and promoting research into forestry.

BRICKS for Resilience in the Sudan

The Food Security Thematic Programme (FSTP) is considered a major contributor to the recovery of nearly 100 000 vulnerable families suffering from chronic food insecurity and poor nutrition in conflict-affected areas such **East Sudan** and **Darfur**. One example of such an intervention is the on-going 'Building Resilience in Communities of Kassala State of the Sudan' (BRICKS) project implemented by the Child Development Foundation, a Sudanese NGO. Since 2012, this three-year project has supported tailor-made vocational training for 458 youth and enabled direct access to finance for 100 Village and Saving Loans groups. Established by the project in 15 communities in rural Kassala and entirely managed by women these groups provide support to 2 079 beneficiaries with small loans.

A Village Saving and Loans group meets in rural Kassala, East Sudan (Photo by Ivo Freijssen)



Central and Western Africa

EU bilateral cooperation with countries in Western and Central Africa contributed to development in some of the poorest parts of the world. In 2013 over EUR 1.7 billion was committed for new operations in West and Central Africa and overall payments amounted over EUR 1.2 billion for

regional and bilateral cooperation with the region. EU Budget Support programmes bolstered implementation of the national poverty reduction strategies as well as PFM reforms and, along with other EU programmes, helped support economic and social development. The year was significant for making final financial commitments under the 10th EDF and for taking forward exchanges with partners on the programming exercise for the multi-annual financial framework 2014-2020.

Under budget support operations, the Commission put in place 14 new or significantly revised programmes in 2013 and in doing so made full use of the range of budget support instruments foreseen in the new Budget Support Guidelines. Overall new budget support commitments in West and Central Africa amounted EUR 470.13 million with payments amounting to EUR 469 million. In 2013, the Commission was not able to make budget support disbursements to Ghana because macroeconomic conditions were not met.

The Commission continued to support reforms in favour of improved PFM. In addition, formal assessment of PFM systems through the PEFA framework was made in 10 countries. Assessment of performance for all countries receiving budget support is made through specific reporting set out in the Budget Support Guidelines. These reports provide evidence of the important role played by the Commission in pursuing dialogue and fostering reforms in this critical area.

In the area of support to fragile states, the Commission concluded two new State Building Contracts (SBC) with **Mali** and **Togo**, and explored the possibilities of providing one in **Central African Republic**. In Togo, the SBC was negotiated in 2012, but was finally implemented in 2013 due to the general macroeconomic conditions.

In Mali, EU provided budget support to the government under a SBC, with a total amount of EUR 225 million and the aim to help ensure basic services and restore the rule of law in the country. EU support has helped the Malian authorities to address the complex challenges the country has been facing after the 2012 crisis. The contribution of the EU enabled the deployment of an election observation mission to support the successful presidential and legislative elections held in 2013, and supported 900 000 people requiring food assistance. In addition, our work provides direct support to more than 70 % of health centres in northern Mali and 2 500 hectares of irrigated plots in the area of the Office du Niger were built in 2013, which will increase rice production and create jobs for 2 000 small family farms.

Case studies

Focus: EU cooperation with Central African Republic

Since the fall of President Bozizé in March 2013, the Central African Republic has experienced a disturbing period of armed conflict. Throughout the year, the EU continued to implement aid projects in Bangui, Bouar and Bozum (in the northwest of the country) and in Bamingui (in the northeast). Most EU experts stayed in the country. The project "Poles of development" continues in Bouar and Bozum where the NGO CIDR maintained teams until the arrival of the French Army in December 2013. In response to the needs driven by this current crisis, the on-going programmes were restructured. EUR 23 million were mobilised from the 10th EDF to strengthen several projects: justice and police services (EUR 5 million); restructuring of the public finances (EUR 1,5 million); road maintenance and drainage via a high intensity workforce (EUR 14,2 million); strengthening of support to the administration (EUR 1 million) and strengthening of the Technical Cooperation Facility (EUR 0,8 million).

Donor conference for Mali

The EU, in close cooperation with Mali and France, has been able to gather the international community around common objectives for the reconstruction of Mali. The Conference of 15 May mobilised 55 delegations willing to join forces to support the reconstruction of Mali following the crisis of 2012. Pledges reached a total of EUR 3.285 billion. In total, the EU itself committed EUR 523 million, which represents nearly 16 % of the total amount earmarked for Mali. The follow-up mechanism that was established has had a two-fold effect: it has contributed to maintaining a high attention and momentum on Mali while putting pressure on the International Community to commit and disburse funding in a timely manner following their pledges and on the Government of Mali to launch and adopt reforms and take action in a timely manner.

In **Senegal**, focal sectors included regional and commercial integration, sanitation as well as general budget support under the 10th EDF with an overall allocation exceeding EUR 340 million. The EU encouraged Senegal's efforts in environment policy through a sector budget support programme. 2013 has been a turnaround year for Senegal in terms of environment. The Environment and Natural Resources Sector Policy Letter (LPSEEN) was revised during 2013 with a better consideration of the impact of climate change in other sectors (agriculture, livestock, installation of extractive industries, infrastructures, and urbanisation) and with new orientations such as the promotion of the green economy and sustainable development. The Coastal Law has been improved and submitted to the national Parliament. In addition, the efficiency of public actions in the fight against bushfires were enhanced.

The cooperation effort between the EU and **Burkina Faso** is one of the most important in West Africa with an allocation of around EUR 700 million under the 10th EDF (2007-2013). The EU's financial contribution to Burkina Faso's state budget allowed for substantial progress in social sectors. With the EU's general budget support of West African Francs (CFA) 225 billion, the budget of the Ministry of Health increased by 30 % between 2007 and 2011. During a similar timeframe, the rate of assisted delivery and the gross school attendance rose from 65 % to 82 % and from 67% to 78% respectively between 2008 and 2012. A further CFA 24 billion were granted in order to address mother and child health issues.

In **Niger**, more than EUR 100 million of budget support has been disbursed since 2008, boosting the ability of the government to deliver social services. Between 2008 and 2012, primary school completion rates increased from 48 % to 55.8 %, and child mortality was halved to 63 per 1000 in 2010. 600 kms of roads have been, or are being, renovated opening up many regions of the country for the delivery of healthcare and education as well as boosting trade.

Case studies

State-building contract in Côte d'Ivoire

The EU-funded State-Building Contract (EUR 144 million) is a key component of the general EU strategy towards the **Côte d'Ivoire** aimed at stabilising the country and restoring public authority. The programme is supporting state reconstruction in a post-conflict situation following more than a decade of successive socio-political crisis. With the implementation of this programme a range of tangible results have been achieved so far are including:

- Health districts are better staffed and have an increased budget to carry out their daily work improving child and maternal health;
- 50 police stations have been rehabilitated and now comply with national standards. The whole police chain of command has been trained on ethics and the police now abide by a new citizen's charter;

- The justice sector policy has been adopted and is now under implementation ensuring an independent and fair justice system.

Building resilience to floods in Cameroon

In **Cameroon**, the 10th EDF has been targeting disaster prevention at Lake Nyos by installing degassing devices and eliminating flood risks through strengthening the natural dam that holds the lake and supporting the resettlement of the victims of a carbon dioxide eruption in the deeper layers of the lake. This catastrophe killed more than 1 700 people, displaced more than 10 000 and severely depleted the local livestock population in 1986. The building of the dam will allow displaced people to resettle in their original environment. It is based on the technique of jet grouting (injection of concrete up to 55 meters in depth) and the construction of a slab to reinforce the natural dam to prevent erosion by surface water, especially during floods. The second phase of the work involved the construction of a weir. In addition, three grant contracts for the implementation of support measures for the resettlement of the victims in the area around the lake are currently under preparation. EU assistance has also supported the rehabilitation and construction of 3.5 kms of access roads to Lake Nyos.

The Regional Integration Support Mechanism (RISM) starts to work for COMESA countries

RISM is a performance-based financing mechanism that supports COMESA (Common Market for Eastern and Southern Africa) countries to implement their regional policies and regulations at national level. RISM is managed by the COMESA Secretariat and funded by the 9th and 10th EDF (EUR 78 and EUR 23.5 million). About EUR 44 million was already disbursed to meet country-specific performance commitments and other trade related programmes on regional integration. The funding incentives are yielding positive results in bolstering regional integration. For example, out of the 15 COMESA Member States, in 2013:

- Six had functioning National Coordinating Committees;
- 15 resolved on average 79 % of non-tariff barriers reported against them in 2012;
- Five were able to adopt some COMESA standards.

A significant challenge for the programme relates to the limited capacity at the Member State level to satisfy reporting requirements for verification of performance. Looking forward, it is hoped that from 2014 onwards more COMESA countries will be brought on board the RISM programme.

Smallholder Irrigation Project in Swaziland

Swaziland is one of the 18 target countries of the Accompanying Measures for Sugar Protocol (AMSP). One of the AMSP measures in Swaziland was the Smallholder Irrigation Project (SHIP) which ran from 2009 and was extended until the end of 2013 due to its success.

Objectives of the project are to enhance profitability, sustainability and competitiveness of smallholder farms which produce irrigated sugarcane: a valuable cash crop. Preparation of land for irrigation and the establishment of effective farmer companies (FC) through pooling of land are key elements of the programme. Although challenges such as high production and operating costs, and management obstacles had to be tackled by the end of 2013 100 % of the FC had adopted proper business planning, 95 % of the boards of the FC were democratically elected and 83 % of the FC had implemented the recommended irrigation measures. Overall 1 500 farmer families benefited from the programme and were supported to escape extreme poverty.

Support Programme to Orphans and Vulnerable Children (OVC) in partnership with UNICEF in Lesotho

In Southern Africa, the case of **Lesotho** shows how the EU has offered long-term, sustainable and effective support while completing the second Phase of the Support Programme to Orphans and Vulnerable Children (OVC) in partnership with UNICEF's Child Grants Programme (CGP). This programme is providing quality social protection measures, including education, health, life skills and food security for vulnerable children. In October 2013 the extremely successful grants programme was taken over by the Government of Lesotho in its recurrent budget. This demonstrates a high-level of sustainability and aid effectiveness in the delivery of EU aid and cooperation with international and African development partners. The EU, UNICEF and the Government of Lesotho underlined the positive social and economic impact of the Child Grants Programme in Lesotho and the constructive collaboration among stakeholders. A third and final phase of support in the framework of the OVC programme is currently planned under the 11th EDF.

Monitoring

In 2013, 392 on-going national projects and 27 on-going regional programmes, amounting to a total EU commitment of more than EUR 1.9 billion, were reviewed by independent experts in 43 sub-Saharan African countries using the Results-Oriented Monitoring (ROM) methodology. In addition, 68 completed national projects and three completed regional programmes (ex-post ROM), representing a total EU contribution of nearly EUR 192 million, plus nine Sector Policy Support Programmes were also assessed using ROM in 2013.

The analysis of the results shows that 67.9% of on-going national projects are performing well or very well (categories I or II), 24.2 % encountered some problems (category III) and 7.9% face major difficulties (category IV). These results are slightly less positive than in 2012 when the percentage of national on-going projects facing major difficulties was 4.7%. However, the comparison is not based on the same sample of projects.

In terms of assessment of closed national operations, 61.8% received good marks (compared to 67.2% in 2012 out of a sample of 67 projects).

In general, 82.9% of assessed on-going national projects received very good and good ratings in relation to their relevance and design. These projects are still facing significant constraints in terms of efficiency (43.62% of the projects of this type face problems in terms of input used and implementation of activities), effectiveness (with 39.8% experiencing some problems in delivering results) and sustainability (39.8 % of projects with problems). Although there remains a significant gap between good scores achieved in terms of relevance and design on the one hand and efficiency, effectiveness and sustainability on the other hand, this gap has narrowed slightly compared to 2012. Potential impact remains very good or good for almost 77% of this type of project (79% in 2012).

As in 2012, the sectors mostly concerned by on-going national monitoring were social infrastructure and services (with 213 reports covering a budget of almost EUR 780 million) and economic infrastructure and services (57 reports, EUR 683 million). Nearly 70% of social infrastructure projects assessed received very good and good marks while for economic infrastructure this figure rises to 71.9%. The rate of projects with major difficulties accounted for 8.45% and 5.3%, respectively. The productive sectors (for example agriculture, fishing, industry, etc.) have received significant monitoring coverage in 2013: 61 national reports were produced covering a total budget of EUR 221 million. Results are positive with 57.4% of projects performing very well or well and 13.11% facing major difficulties in this sector.

Perspectives

The first preparatory phase of the country programming process for the period 2014-2020 has been achieved. At country level, it has benefited from a wide consultation, though with differing intensities, with Partner Governments, Member States and Civil Society. The second phase is currently on-going and relates to the preparation of the draft Multi Annual Indicative Programmes (MIPs): the key EU programming document. Preliminary indications coming from the field confirm that the EU programming strategic approach implementing the 'Agenda for Change' is fully addressed, and that we are achieving our ambition of reforming the development policy of the EU.

The process has so far focused on preparing the strategic basis for the programming which would include the indicative country allocations, the choice of sectors, the key expected results and key indicators. The EU's strategic approach is to reduce poverty, achieve the MDGs, and support partner countries by targeting resources where they are needed most. The MIPs will be predominantly based on the countries' national and sector development plans, leaving only a few countries with a separate EU Country Strategy Paper (CSP). The EU has further strengthened the concentration of its aid in a limited number of sectors and the EU will be looking much more at promoting responsible governance, economic development and job creation in our partner countries and concentrate on new sectors with a high development multiplier effect.

Another important change is that the majority of the MIPs are to cover the full programming period with a flexible approach to agreeing ad hoc reviews as and when necessary (which may, for example, be needed with the start of a new country policy cycle, after elections, in case of crisis or natural disaster, or for reasons of division of labour with other donors). The country programming process is furthermore marked by a significant step-up of joint programming compared to past programming, either as from 2014 or from a subsequent year with the start of a new country cycle.

For the first time the Commission is implementing a substantial, in-depth exercise to ensure that bilateral, regional and thematic programming are consistent between themselves so that we can deliver a strong, coherent EU programming product by the end of this phase. The current programming process has provided an opportunity to design the five ACP regional indicative programmes and the intra-ACP envelope in relation to each other's programmes and to national programming. The programmes may address the same areas/sectors, but this does not mean that the corresponding activities overlap. Programmes have been designed to create a functional division between the various levels. This exercise had never been conducted before.

Promoting regional integration has been a long-standing objective of EU development policy and is set to remain so, as the Commission has clearly reiterated its commitment to regional integration in its 'Agenda for Change': the blueprint for a higher-impact, more results-oriented EU development policy going forward. For the 11th EDF, the EU and Duly Mandated ACP Regional Organisations (DMROs) have decided to draw lessons from the past and agreed on a new approach. EU and African partners are currently devising results-oriented regional strategies based on specific and limited objectives. The EU will support regional organisations based on a shared, realistic roadmap taking into account their respective mandates, implementation capacities and real added value in terms of nurturing growth and political stability within their respective regions.

Furthermore, the DMROs agreed to allow national authorising officers, specialist institutions, regional development banks and other relevant technical bodies to be responsible for implementing regional programmes, especially trans-border or national projects with a specific regional dimension. In this way we can be sure that regional programmes are being implemented by the most efficient stakeholders and that there is more coherence between the national and regional levels. Such an approach could also encourage DMRO Member States to embrace regional integration and to implement their regional commitments because this would enable direct access to regional funds.

To build further on this opportunity, DMROs and their Member States agreed, during a regional programming seminar held in Brussels at the end of 2013, to strengthen political dialogue with the EU at regional level. They agreed to put in place for each RIP a regional steering committee to associate DMROs, their Member States and all relevant actors in the region, to monitor regional integration, to raise political dialogue and ensure consistency of the actions implemented.

2.2.3. South Africa

Introduction

In 2013, development cooperation, one of the three pillars of the EU-SA Trade, Development and Cooperation Agreement (TDCA) continued to impact South Africa's citizens' lives while further action was undertaken to consolidate the EU-South Africa Strategic partnership's achievements and to strengthen dialogues in a number of key areas such as job creation, investment and youth employment, development cooperation, energy, science and technology, migration and mobility, peace and security including maritime security, and global challenges from climate change to human rights and the post-2015 agenda.

Political, trade, economic and development cooperation with South Africa was further consolidated during the year 2013 under the EU –South Africa Strategic Partnership.

In preparation for the Sixth South Africa Summit High Representative Ashton on 10 June hosted the 12th Ministerial Political Dialogue in Brussels with South African Minister of International Relations and Cooperation M. Nkomo Mashabane in attendance.

The Sixth EU-South Africa Summit was held in Pretoria on 18 July 2013 Nelson Mandela International day. The EU was represented by H. Van Rompuy, President of the European Council, and by J. M. Barroso, President of the European Commission. Commissioner for Development Piebalgs and Commissioner for Trade De Gucht were also in attendance.

EU and South African leaders reaffirmed the strong spirit of cooperation between Pretoria and Brussels as reflected by the impressive range of joint political, trade and economic activities and dialogues on key issues such as education, science and technology, energy, migration and health.

Interestingly the Summit focussed on a key theme for both Europe and South Africa: 'Job creation, economic growth investment and skills'. It was emphasised that growth and jobs are at the heart of the South African National Development Plan whose implementation the EU is already supporting through joint cooperation.

This Summit was also a precious moment of joint reflection on a number of key issues, in particular key peace and security topics in Africa and beyond, global governance, climate change, trade, development issues, and relations between Africa and Europe as a whole, as set down in the joint Africa-EU strategy.

Education continued to be one of the main threads of the EU-South African dialogue and cooperation. A first Senior Officials Meeting was organised to discuss educational issues including education quality, how to address drop-outs and unemployment, innovation, VET and open educational resources. The meeting was followed by a workshop on the internationalisation of higher education, where stakeholders identified areas for future cooperation.

Interest in the higher education Erasmus Mundus programme continued to be high in 2013, as well as participation in the Intra-ACP Mobility Programme and a number of grants have been awarded under the Culture Programme to civil society organizations from the EU and South Africa.

Aid effectiveness and donor coordination

The Sixth EU-SA summit recognised that the attainment of the MDGs up to 2015 and beyond remains one of the key development priorities and it was agreed to take concrete measures to implement the sustainable development commitments of the Rio+20 Conference outcomes and to consult on the Post-2015 Development Agenda.

The EU Delegation has performed well with about 70% of its aid committed in the form of budget support. Efforts to strengthen donor cooperation, particularly between EU Member States present in South Africa, were maintained.

Implementation and results

In 2013, the EUR 100 million Infrastructure Investment Programme for South Africa (IIPSA), a EUR 25 million programme on socioeconomic justice; EUR 4.6 million for the Erasmus Mundus mobility programme and a EUR one million top-up for the Trade Development Cooperation Agreement (TDCA) Facility were approved. EUR 2.4 million from the instrument for cooperation with industrialised and other high-income countries and territories was committed for mobility of students from Europe to South Africa under the Erasmus Mundus. At the end of 2013, 100 % of the 2007-2013 envelope of EUR 980 million for South Africa had been committed.

In the area of health, the EU disbursed EUR 33.3 million on the Primary Health Care Sector Policy Support Programme. Support focussed on the access and the quality of primary health care, school health and district specialist teams, and the implementation of government's plans to fight HIV/AIDS and Tuberculosis.

The National Development Policy Support Programme (NDPSP) progressed well and EUR 54 million was disbursed. It helped create or save some 55 000 job opportunities, supported 17 250 artisan learners, 1 430 students in science, technology and engineering, helped provide water to 95 % of households, and reached 2.4 million households through providing access to roads.

In the area of employment, EUR 22.9 million was disbursed in 2013 on the Employment Creation SPS Programme. Since its inception this programme has supported the creation of more than 22 000 job opportunities.

Budget support evaluation

A budget support evaluation was conducted in 2012/13 in South Africa with final results presented in November 2013. The evaluation objective was to assess to what extent EU Budget Support (BS) operations in South Africa contributed to achieving sustainable results in relevant sectors over the period 2000-2011. The evaluation covered 16 Sector Budget Support (SBS) operations, for a total amount of EUR 984 million. Of this 32 % was allocated to Employment and Private Sector Development, 25 % to Water and Sanitation, 7 % to Governance (Legislative and Justice), 17 % to Health, 12 % to Education and 7 % to Urban Renewal. The OECD-DAC three step approach was followed.

The main conclusions of the evaluation⁵⁴ are that EU BS to South Africa in the period 2000-2011 represented a positive experience that should be continued and further integrated into the SA-EU Strategic Partnership. Budget support has been adapted to the evolving country context, while ensuring both Government ownership and strategic relevance of EU support. It has supported policy innovation by enhancing specific innovative programmes, often with the participation of CSOs, within

⁵⁴ Evaluation of Budget Support in South Africa - Ref. 1322:
http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/2013/1322_docs_en.htm

wider priority sectors, with a focus on fighting poverty and inequality and supporting democracy. SBS funds have created good opportunities to test policy and institutional processes through innovative and risk-taking initiatives.

Perspectives

The EU will continue to implement its existing programmes in 2014. The country-specific IIPSA will start operating and the piloting of blending loans and EU grant funds in South Africa will be started with an expected leverage effect of five to 10.

The new socioeconomic justice programme will show its first results in terms of promotion and access to socioeconomic rights in 2015.

In the context of the Strategic Partnership, people-to-people and institution-to-institution contacts, exchange of information and knowledge and trilateral cooperation will be maintained both under existing programmes and the TDCA facility, and in subsequent programmes.

Next year, work will continue on the preparation of the first interventions under the 2014-2020 Multi-annual Indicative Programme, in close collaboration with Member States. Discussions related to implementation of the Global Partnership for Development Effectiveness, the post-2015 development framework, Rio+20 and sustainable development goals, as well as the G20 Development Agenda can be expected.

2.2.4. Intra-ACP programmes

Under the 10th EDF, EUR 2.895 million was allocated to the intra-ACP programme that has been put in place to address the shared challenges that all or many African, Caribbean and Pacific (ACP) countries face. Out of this amount, 99 % has been committed for the agreed policy objectives and the activities have either been completed or are currently being implemented.

An independent evaluation of the 9th and 10th EDF intra-ACP programme finalised during the year concluded that intra-ACP cooperation remains a key instrument for ACP states to turn their common political priorities into substantive action. The evaluation found evidence that intra-ACP contributions have led to a number of positive results in several priority areas. For example, the contribution of EUR 315 million provided through the Global Fund has substantially increased access to preventive measures and treatment against tuberculosis, malaria and HIV. Furthermore, it was established that a reinforcement of policy and regulatory frameworks in ACP countries has taken place thanks to the programme in the sectors of agriculture, health systems and access to energy.

This evaluation also insisted on the necessity to focus on fewer sectors in order to maximise development impact. This approach has been already initiated with the 10th EDF mid-term review of the intra-ACP programme and implemented through the annual action programme 2013. Involving an allocation of EUR 325 million, this will target trade and private sector support, environment, disaster risk reduction and agriculture, PFM and education. Projects will address poverty alleviation, sustainable development and integration of the ACP countries into the world economy.

A similar approach will be adopted for the preparation and the negotiation of the 11th EDF intra-ACP strategy during 2014. It will focus on identifying those key sectors where intra-ACP programmes can have an added value in complementing other instruments, such as supporting global initiatives and experience sharing amongst ACP countries.

Climate Change

In 2013 there were a number of highlights in progress to deal with climate change. For instance, the EUR 60 million programme 'ACP-EU Natural Disaster Risk Reduction Programme' has delivered good results and supported 45 projects in over 30 countries to complete a number of key activities such as risk assessments, building community-based resilience, analysing flood impacts, better planning of land-use, risk financing, dyke assessment and rehabilitation, slope stabilisation, early warning systems and post disaster risk assessments. In 2013, the programme notably supported the establishment of a Regional Technical Centre for Disaster Risk Reduction and Climate Change Adaptation for Southern Africa and leveraged from other funding an additional USD 18 million for community flood preparedness and land degradation activities in **Togo** and USD 106 million for **Cameroon's** dyke rehabilitation and flood management.

Environment

In the environment sector, the programme 'Capacity Building related to Multilateral Environmental Agreements in ACP Countries' provided assistance to ACP countries in identifying national priorities for the implementation of chemical conventions. Achievements so far include an inventory, safeguarding and safe disposal of persistent organic pollutants and other obsolete pesticides. National teams in 26 countries were trained and equipped to undertake and complete inventories of obsolete pesticides. This permitted the safeguarding of 237 tons of obsolete pesticides in the **Caribbean** and the disposal of obsolete pesticides and associated wastes was tendered for 350 tons in **Benin**, 80 tons in **Swaziland**, 70 tons in **Botswana** and 26 tons in **Samoa**.

Inventory of obsolete pesticides and associated wastes in Benin



photo provided by FAO@2013

Social affairs

In the social sector, the project 'Tackling Child Labour through Education' implemented activities in 12 ACP countries to support efforts to end child labour, with an emphasis on the worst forms, through education and training. An independent evaluation found evidence of improvements in child labour and children's enrolment and retention in schools in all beneficiary countries. This evaluation also identified that all countries were adhering to the relevant International Labour Organisation (ILO) conventions.

Health services

In the area of health, the programme 'Renewed ACP/EU/WHO Partnership on strengthening pharmaceutical systems' builds on the achievements and experiences of the initial Partnership on Pharmaceutical Policies. It aims at contributing to improved cost-effective health care and better patient health outcomes, and is implemented in 15 ACP countries, with an overall budget of EUR 10 million. During the first year of implementation, countries have selected specific activities within the five result areas identified in the programme to suit their specific needs and to coordinate actions implemented by other development partners. Notable achievements within the result area of medicine quality include improving the collection, safety and quality of blood products and updating of the reporting systems on patients' adverse reactions to medicines.

Water and sanitation

In 2013, EUR 25 million was contracted for three programmes under the Pooling Mechanism of the Water Facility and eight contracts on the reserve list from the third Call for Proposals. A second phase programme to support the African Ministers' Council on Water was also contracted. The remaining funds of the Water Facility were committed for audit and visibility actions. A Water Facility project in Namibia was the laureate in Africa of the Communication Award 2013 of DEVCO. The Final Evaluation of the Facility has been launched. 2013 was the final year for both the 9th and 10th EDF Water Facilities. Since 2004, 319 actions were contracted amounting to EUR 633.221 million. In 2013, three quarters of the projects under the Pooling Mechanism were contracted. It was intended to provide catalytic funding for private sector and loan financing for the development of larger scale infrastructure. The report of the impact of EUR 40 million of the Facility used to support water partnership projects was presented. This is particularly relevant to the very first European Citizens' Initiative (ECI) 'Water and sanitation are a human right! Water is a public good, not a commodity! '.

Access to energy

Worldwide, about 1.2 billion people have no access to electricity. In 2013, in response to this challenge, the EU supported energy generation projects in the developing world by blending grants with loans through our blending facilities. In Sub-Saharan Africa alone, EUR 330 million has been allocated under the EU-Africa Infrastructure Trust Fund (ITF) to leverage substantive investments of EUR 4-8 billion. In addition, the EU's Technical Assistance Facility of EUR 80 million was launched to assist countries in refining policies which allow for greater investment in energy. For riskier projects, EUR 50 million was provided to engage with International Finance Institutions (IFIs) and private financiers. New scalable business models for sustainable energy investments in rural and off-grid areas are promoted through a top up of EUR 20 million under the EU Sustainable Energy for All (SE4All) Window of the Global Energy Efficiency and Renewable Energy Fund (GEEREF) that helps other funds leverage investments. Specific challenges of the energy poor were addressed through a call for proposals for rural electrification with a total financial contribution of EUR 95 million, while EUR 15 million was allocated to target energy in fragile states. In addition, over 25 countries have indicated their intention to choose energy as a focal sector for their bilateral cooperation with the EU within the context of the next multi annual framework (2014-2020).

2.3. Latin America and the Caribbean

2.3.1. Latin America

Introduction

The EU-CELAC Summit of Heads of State and Government took place in Santiago de Chile in January 2013, under the general theme 'An Alliance for Sustainable Development to Promote Investments of Social and Environmental Quality'. It was the seventh bi-regional Summit, but the first one held with the Community of Latin America and the Caribbean (CELAC) structure as the EU's counterpart. Several associated events on topics involving business, academia, and civil society, took place in the run-up to the Summit. An EU-CELAC Senior Officials Meeting took place in October, in order to follow up on the decisions taken in Santiago de Chile.

Progress has been made in relation to the EU-Central America Association Agreement, as its trade pillar is now provisionally in force. In the margins of the EU-CELAC Summit in Santiago, a political dialogue at the highest level was conducted with this sub-region. In addition, President Barroso participated in the 42nd Summit of Heads of State of the Central American Integration System (SICA) in December 2013. SICA has as members six Central American countries with whom the EU has

concluded its first ever region-to-region association agreement. The EU has been granted the status of observer to SICA. President Barroso went subsequently on to visit Colombia where he confirmed the EU's willingness to provide financial support for the implementation of the agreement that could be reached in 2014.

At the Summit in Santiago, the EU and Mercosur (Southern Common Market) agreed to reinvigorate negotiations for an Association Agreement and proceed to an exchange of offers on goods, services and establishment and government procurement.

Also in the margins of the Santiago Summit, **Mexico** and the EU held a meeting between the new Mexican President and European Council and Commission Presidents. Both sides have set up a working group to analyse the possibility of modernizing the EU-Mexico Global Agreement.

The Sixth EU-Brazil Summit was held in Brasilia in January 2013. Soon after, ministerial level contacts took place in the margins of the EU-CELAC Summit in Santiago. The EU and **Brazil** held sector dialogues in areas related to international peace and security in July in Brussels, and for the first time on drug issues in June.

In 2013, the EU-LAC Foundation, through its headquarters in Hamburg, continued implementing activities to support the overall EU-CELAC partnership. A meeting of the Foundation's board of Governors took place in October.

With regard to thematic EU dialogue with the region, a number of EU-CELAC high-level meetings took place last year on Migration, Coordination and Cooperation Mechanism on drugs, Gender Issues, Science and Technology, and Corporate Social Responsibility.

Bilateral and regional projects and programmes totalling EUR 369 million were committed for Latin America in 2013 out of the DCI.

The Latin American Investment Facility (LAIF) continued its successful implementation with a total of five projects being approved by the Operational Board in 2013. This represents a total LAIF contribution of EUR 29 million helping to mobilise funds that totalled nearly EUR 1.2 billion. The LAIF contributed to projects in the transport, water and sanitation and energy sectors in 2013.

The year 2013 was also marked by the preparation of the future cooperation framework with the countries of the region eligible for bilateral cooperation and with the region itself. In this context, Commissioner Piebalgs visited the region on two occasions: in August 2013 with visits to **Bolivia** and **Paraguay**, and in October with visits to **Guatemala**, **El Salvador** and **Nicaragua**.

Finally, the partnership with the Inter-American Development Bank was enhanced through the renewal of the Memorandum of Understanding linking the Bank and the EU. This memorandum was signed by Commissioners Piebalgs and Rehn during April and has led to the formulation of specific actions, particularly in the field of security in **Panama** and fiscal reform in **Nicaragua**.

Aid effectiveness and donor coordination

The Joint Programming process became a reality in the region during 2013 with **Guatemala**, **Honduras**, **El Salvador**, **Nicaragua**, **Bolivia** and **Paraguay** taking concrete steps. This resulted in a strengthened coordination locally and for the aid effectiveness agenda in general.

In this context, and thanks to an intense work on coordination with national authorities and the EU Member States, a 'European Co-ordinated Response' was jointly drafted in **Bolivia** and will serve as a joint EU Country Strategy. There is now a formal commitment by all parties involved to move to full Joint Programming as from 2017, aligning EU programming cycles with Bolivian ones.

2013 was marked by the future programming cycle for the period ahead. In the spirit of the 'Agenda for Change', draft Multi-annual Indicative Programmes for all eligible countries in the region were produced based on national development plans and characterised by an effort to focus on a few key sectors.

2013 was the last year of the phasing out exercise for bilateral cooperation with eight upper middle income countries in the region: **Brazil, Argentina, Uruguay, Chile, Venezuela, Panama, Costa Rica** and **Mexico**. Because of this, it was also a year of dialogue with these countries around other forms of cooperation including triangular cooperation in the region.

Research and innovation

In the area of research and innovation over 500 contracts have been signed with Latin America and over 20 with the Caribbean since 2007 with EU contributions of around EUR 85 million and EUR three million respectively.

Under the EU-LAC Joint Initiative for research and innovation, a regular science, technology and innovation dialogue has been established. Progress has been made as regards the roadmap and four thematic working groups for implementing the initiative. This work was recognised at the EU-LAC Summit held in January 2013.

Interest in the Erasmus Mundus programme continued to be high in 2013 in Latin America and a last call for the programming period was launched in December.

The second EU-Brazil Senior Officials Meeting was held followed by a Joint Expert Seminar on Academic Mobility, Internationalisation and Innovation. Both parties agreed to the need to remove obstacles to academic mobility and enhance visibility of existing programmes and cooperation.

As part of the EU-Brazil Joint Programme on Culture, a seminar on culture and sustainable development was organised and the proceedings are to be published.

Working towards the MDGs

According to the 2013 UN MDG report, the Latin America region has made notable progress towards achieving the nine MDGs. A number of them, for example MDG 1 on eradicating extreme poverty or MDG 2 on universal access to education, are already virtually met. Nevertheless, like other regions, Latin America still lags behind in the MDGs associated with maternal health and access to sanitation.

Despite the fact that 32 million Latin Americans continued to live on less than USD \$ 1.25 a day in 2012, the region managed to reduce the percentage of people living in extreme poverty from 12 % in 1990 to 6 % by 2010. Seventy-two million people have been lifted out of poverty and 50 million joined the ranks of the middle class.

At a country level, the most urbanised nations, including **Argentina, Brazil, Chile, Mexico** and **Peru**, have made the most remarkable progress toward meeting the MDGs. However, no country has achieved the goal regarding maternal health and only **Peru** has achieved the required reduction in child mortality. Malnutrition and child mortality remained a huge challenge in 2013 for countries like **Guatemala**.

Today, 14 countries have met targets for access to safe drinking water, whereas just 10 have achieved targets associated with access to sanitation.

Given that the MDGs reflect the basic needs of all citizens, both urban and rural areas face the challenge of reducing poverty and improving living conditions for the poor. Around the world, slums are growing rapidly in cities both large and small. If urbanisation is not well managed, slums could further proliferate. In Latin America, 13.4 % of the population reside in slum areas.

Implementation and results:

Bilateral cooperation including budget support

During 2013, bilateral development cooperation projects were carried out in all 18 countries of the Latin American region covered by the Development Cooperation Instrument (DCI). Commitments amounted to EUR 397.6 million and payments to EUR 298.4 million, corresponding to 100 % of available resources. The increase in the degree of social cohesion continued to be one of the main concerns of EU interventions. Particular attention has been paid to the promotion of dialogue, joint actions and partnerships with international institutions active on the continent, such as the Inter-American Development Bank, the Central American Bank for Economic Integration, and the Economic Commission for Latin America and the Caribbean.

In **Brazil** during 2013, cooperation has continued to be implemented successfully. Over 30 dialogues have been established so far between Brazil and the EU through the implementation of the 'sector dialogue support programme'. This process has given a solid basis to the EU-Brazil Strategic Partnership. Brazil is also participating actively in the DEVCO funded Regional Programmes for Latin America and in the EU – Mercosur projects. Moreover, Innovation, Science and Technology including Information Society is an important aspect of EU – Brazil relations and many activities are being financed under the Research Technology and Development (RTD) Framework Programme. Brazil has also benefited from the Latin American Investment Facility (LAIF).

For **Colombia**, a new support programme for the rural development sector policy (EUR 39.2 million) was approved in 2013. The programme aims at supporting the transformation of prioritised rural territories in view of improving the capacities of families and communities concerned. As such, it supports the current government's policy and dialogue is focussing on results.

In **Ecuador**, policy dialogue was further strengthened in relation to education and sustainable economic development, and in key areas of PFM.

In **Bolivia**, cooperation continued its positive implementation particularly in the area of Budget Support where two new programmes in the area of water management (EUR 8 million) and the fight against drugs (EUR 24 million) were approved. In addition, an 'Action Plan on Policy dialogue' was put in place in order to better monitor progress in the implementation of various ongoing operations.

In **Peru**, the Sector Policy Support to the Strategic Peruvian Malnutrition Programme (EUR 60.8 million) successfully moved to a last payment. This coordinated approach in the fight against malnutrition led to clear results, with a substantial improvement of public services and child malnutrition in the poorest districts of the Apurimac, Ayacucho and Huancavelica. Moreover, a new programme supporting the implementation of the National Anti-Drug Strategy 2012-2016 (EUR 32.3 million) was approved.

In **Costa Rica**, a range of projects were successfully implemented to support the integration of the country into regional and global markets as well as to take advantage of the opportunities offered by the EU – Central America Association Agreement. The three main projects in this area 'PROCALIDAD, PROMESAFAI, EMPRENDE' focused on standards and technical requirements for industrial products, sanitary and phytosanitary measures, and promotion of women's entrepreneurial capacities respectively.

In **Panama**, the EUR 28 million Security Cooperation project 'SECOPA' was launched. The action will enhance the national institutional framework responsible for citizens' security in terms of prevention and control of criminal activity as well as violence. The project was launched by President Barroso and President Martinelli.

In **El Salvador**, the Social Prevention of Violence with Youth Participation (PROJOVENES II) programme ended in December 2013. This programme, to which the EU contributed with EUR 11.3 million, some 100 000 vulnerable youngsters and their families were offered alternative options to gang involvement. The implementation of this project through a participative approach in the 14 municipalities and 78 communities concerned enabled a good level of ownership at the local level by the beneficiaries.

In **Guatemala**, the EUR 21 million project in support of the countries' Rural Development Policy contributed to reducing poverty in selected rural areas by promoting smallholders' agriculture and sustainable agricultural practices. Some 100 000 rural people or 16 500 families in 22 municipalities are expected to benefit from the programme. Furthermore, in 2013 the EU confirmed its support to fight against impunity and organised crime in the country by allocating an additional EUR 4 million to the UN-backed International Commission against Impunity in Guatemala (CICIG) programme. This scheme supports the country's fight against organised crime and helps to dismantle clandestine and illegal groups.

In **Honduras**, with the new 'EuroJusticia' programme to promote fair and accessible justice, to which the EU is contributing EUR 27.5 million, the focus is being put on modernizing the judicial system. The justice system of the country will provide faster and broader services to the most vulnerable groups, in particular women, children and the indigenous people.

In **Nicaragua**, two projects have been signed with the Nicaraguan Government during 2013. One project supports a more equitable and efficient tax system, while the other project promotes sustainable economic development for the people in the Caribbean region of the country.

In **Uruguay**, cooperation activities continued in a smooth way and policy dialogue started to move towards a new paradigm of partners in development. Uruguay attached particular importance to the objective of taking stock of the lessons learnt with 2007-2013 cooperation, as well as maintaining the policy dialogue built under this framework.

In **Argentina**, another 'graduated country in the region', cooperation activities continued smoothly despite the fact that the implementation of the 'Policy Dialogue' project did not kick off during 2013 as initially foreseen.

In **Mexico** the second phase of the EU-Mexico Social Cohesion Laboratory has been signed during a high-level ceremony in the country. The project worth EUR 22 million will focus on human rights, security, access to justice and the prevention of social exclusion, especially in the states of Oaxaca and San Luis Potosi. The EU and Mexico started to work to upgrade their relations during 2013, in particular by modernising the Global Agreement signed in 2000 which covers the three pillars of cooperation, trade and political.

In **Paraguay**, 2013 was national elections year. In this context, the EU successfully provided an Election Observation Mission (EUEOM), strengthening its relationship with the country. The majority of the EUEOM's recommendations are being implemented. In addition, significant improvements have been observed in 2013 in the field of PFM and poverty related expenditures to areas of EU support.

In **Chile**, bilateral development cooperation programmes ended their operational phase in January 2013. The rest of the year was devoted to the closure of projects and programmes including final evaluations and audits and closure of visibility actions.

Our cooperation with **Mercosur** continued without any major obstacles in all sectors despite significant internal difficulties within Mercosur due to the suspension and re-admission of Paraguay and the membership of Venezuela. These difficulties had a negative impact on the decision-making structure of Mercosur, but had virtually no impact on the implementation of our bilateral projects.

In line with commitments to support socioeconomic cohesion in the **Andean Community (CAN)**, the EU further enhanced its activities by awarding grants to four cross border projects. Implementation of 17 local economic development projects started in the most vulnerable rural areas of the four CAN countries.

In **Central America**, cooperation focussed on supporting SMEs and the implementation of the EU-Central American Association Agreement. The 'ADESEP' programme, worth EUR seven million, will support SME development at the Macro, Meso and Micro level in the region, and will be implemented by the regional centre for the promotion of SMEs.

Budget support programmes represent almost 50 % of bilateral cooperation in Latin America committed in 2013, with actions approved in **Guatemala, Bolivia, Colombia** and **Peru**. The majority of budget support operations in the region are in the form of sector reform contracts. The main areas supported include biodiversity, water and sanitation in urban and suburban zones, as well as rural and territorial development.

Budget Support programmes have made a substantial contribution towards the achievement of the development goals for Latin American countries. For example, in **Bolivia**, budget support programmes disbursed in 2013 in the sectors of water and sanitation in rural and suburban areas contributed to the achievement by that country of the MDG on sustainable access to safe drinking water.

Regional cooperation

Several regional programmes for Latin America continued in 2013. They include: ALFA III (a higher education cooperation programme between the EU and Latin America); EUROSOCIAL II (that promotes social cohesion in Latin American societies); and COPOLAD (a regional programme aimed at strengthening the capacity of participating countries to formulate sound drug-related policies). Other ongoing Latin American programmes include: Erasmus Mundus Action II, which contributes to the promotion of partnerships and institutional cooperation exchanges between higher education institutions from Europe and Latin America as well as to students and academics mobility, and EUROCLIMA which is an EU - Latin America climate change programme aiming at knowledge sharing, fostering structured and regular dialogue at all levels, and ensuring synergies and coordination of current and future actions.

Furthermore, a CELAC-EU network brings together 19 partners in Research and Technology from both regions and the initiative 'Strengthening the dialogue between the EU and LAC to establish management models on migration and development policies', and an EU targeted project aimed at strengthening capacities in Latin America and the Caribbean in the area of migration. At the same time, in South America, the EU-FLEGT action plan, implemented in **Brazil, Colombia, Ecuador** and **Peru**, aims to reduce illegal logging and to improve forest governance.

The EU supports the Latin American Centres of Excellence in the water sector RALCEA 'Red Latino Americana de Centros de Excelencia en Recursos Hidricos' in promoting multi-stakeholder dialogue, capacity building, institutional support and south-south cooperation. The Joint Research Centre (JRC) has facilitated Latin American policy makers and the Centres of Excellence in identifying sector needs in terms of research, higher education and capacity building, as well as in implementing activities in the three identified priority areas: regional hydrologic balance, water quality and sanitation, and stakeholder mapping and participation.

A new project, 'Strengthening the influence of the main Latin American small producers' networks on food security governance' started implementation at the end of 2013. In addition, the European and Latin America Business Services and Innovation Network (ELAN) was approved at the end of 2013 and intends facilitating better penetration and access for European SMEs doing business in Latin American markets by providing transparent information. It also aims to foster technology transfer by the creation of an institutional network of European and Latin American research centres. Furthermore

it plans to deepen connections and linkages between European SMEs and EU and Latin American research and innovation centres.

In 2013, additional financial support through the Latin American Investment Facility (LAIF) and the Erasmus Mundus – Action II programme was approved while several programmes in the region entered the last year of implementation. These are URB-AL III which targets cooperation on social cohesion matters between local authorities in the EU and Latin America, AL-INVEST IV which promotes the consolidation of Latin American SMEs into the global market, and the Alliance for the Information Society (@ LIS 2) which pressed ahead to reduce the ‘digital divide’ affecting the region. Finally, the implementation of EURO-SOLAR came to an end during 2013. This programme helped rural communities without electricity in eight countries of the region to access renewable electric energy.

Case studies (bilateral programmes)

BRASIS: A EU-Brazil Sector Dialogue Project on Basic Sanitation

This project is part of the ongoing EU-Brazil Sector Dialogue. The overall aim of the project is to share experience and information on water supply and sanitation and improve the Brazilian Information System for monitoring Water Supply and Sanitation services. The joint work by Brazil and the Commission has led to a thorough analysis of existing data and to the issuance of specific recommendations related to water supply and sanitation infrastructures.

EU supports Financial Inclusion in Bolivia through Budget Support

The results achieved so far by the Programme for the Improvement of the Financial and Fiscal Environment of Small Business (PAMEFF) are very encouraging. The programme improves access to finance for economic agents and sectors generally excluded from commercial financing sources. The final objective is to create employment, generate income and economic growth, promote economic fairness, and more equitable socioeconomic development.

According to official data, the programme contributed to the creation of 84 260 new jobs. Thanks to its strong gender component the ratio of women having access to financing exceeded the target by more than 12 %, reflecting a continuously expanding role for women in the productive sector of the country.

Supporting 22 000 smallholder farms in rural Colombia

Under the ‘Rural Development, Peace and Stability’ programme the EU supports the peasant economy in Colombia as a means to reduce poverty and food security in the country’s conflict ridden rural areas and hence as an instrument for peace. Nearly 200 municipalities involving some 22 000 small farms are involved. Thanks to the EU support the participating families increased their production by 50% on average and their income increases three-fold.

Sustainable management of 28 000 hectares of forest in Honduras

The Caribbean Biological Corridor in Honduras represents nearly 6 % of the nation’s territory. The area is home to 1.4 million inhabitants of different ethnicity of which almost two-thirds live below the poverty line. The PROCORREDOR project focused on addressing the degradation of biodiversity and natural resources in the area. 800 hectares were reforested and the sustainable management of 28

000 hectares of broadleaf forest was supported by the project. Moreover, 529 000 hectares were regenerated or had their management improved, and 33 000 people received improved access to water.

Case studies (regional programmes)

Improving the energy sector in Paraguay

In the past 10 years, energy demand in Paraguay has grown by more than 8.1 % per year. To adequately service this growing demand a EUR 10 million contribution from the Latin American Investment Facility (LAIF) has been allocated. This supports, amongst others projects, the construction of a high voltage transmission line and an Energy Loss Reduction programme to increase security of energy supply and efficient use of available renewable electricity generation.

EUROCLIMA: facilitating the integration of climate change mitigation and adaptation strategies and measures into Latin American public development policies and plans

Through the launch of the second phase of EUROCLIMA, the EU is contributing a total of EUR 16.45 million to strengthen knowledge sharing and exchange of information and experience in the field of climate change. By doing this, the programme facilitates the formulation of public policies and capacity building in this field. Thematic studies have resulted in the development of guides, manuals and inventories as tools for public policy development. As an example, Climate Change and Risk Management, and Vulnerability Analysis of Coastal Marine Infrastructures in Latin America have been two of the topics addressed and developed through a regional perspective.

Monitoring

In 2013, Latin America Result Oriented Monitoring (ROM) carried out 20 missions broken down in 17 country missions, one regional programme mission and two country sector policy support missions (in Bolivia and Honduras) producing a total of 201 mission reports. The total value of ongoing projects monitored in 2013 amounts to EUR 699 million. This monitoring exercise covered 43 % of the overall value of ongoing projects in the region. In addition, a total of 24 completed projects or programmes were monitored ex-post.

As the table below shows, 4 % of projects in Latin America are performing very well and 74 % are performing well (categories I and II respectively), while 16 % have some problems (category III) and 6 % experience major difficulties (category IV). Both the percentages of projects doing well and of those facing difficulties have remained virtually the same over the period 2011 - 2013. The most significant change is related to the projects doing very well which increased from 1 % in 2011 to 4 % in 2013.

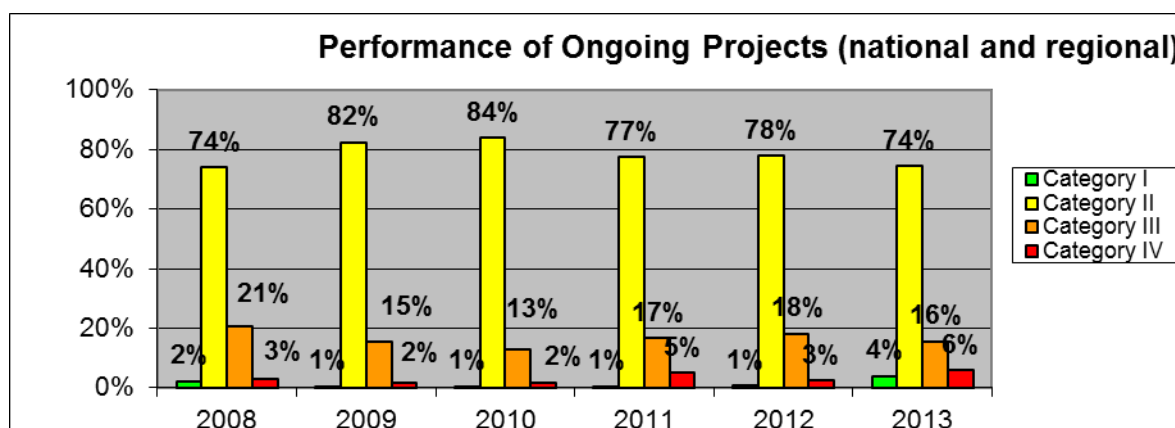


Table 1: Latin America – performance of ongoing projects

More than 78 % of the ongoing projects/programmes monitored in 2013 in Latin America have been positively assessed for design, relevance, and sustainability. However, nearly half of them showed weaknesses in terms of effectiveness and efficiency. Amongst the reasons for lower performance levels with regard to efficiency and effectiveness are weak implementation arrangements and efficiency in applying EU procedures resulting in a lack of ownership by the beneficiary, late arrival or absence of technical assistance, changes in relevance of project strategy for the implementing institution, and weak risk management and performance indicator frameworks.

Perspectives

In line with the ‘Agenda for Change’ eight upper middle income countries in Latin America (Argentina, Brazil, Uruguay, Venezuela, Chile, Panama, Costa Rica and Mexico) have ‘graduated’ to be countries that will no longer benefit from bilateral EU development aid after 2013. Aid will instead target the remaining ten countries in the region which are in greater need of external support and/or in a fragile situation where support can have a greater impact. These countries are Guatemala, Honduras, El Salvador, Nicaragua, Bolivia, Paraguay, Colombia, Ecuador, Peru and Cuba.

In the eight ‘graduated’ countries development cooperation was already in phasing out mode in 2013 with a few last projects initiated and finalising ongoing projects. However, cooperation with these countries will continue after 2013 through regional and thematic programmes coupled with the newly established Partnership Instrument (PI), intending to target cooperation with middle income countries.

In the majority of the countries that will continue to receive development cooperation after 2013, the focus was on both implementation of ongoing programmes and formulation of new ones, as well as on the programming cycle for the period 2014 – 2020.

Both groups of countries will continue to benefit from new ways of financing development, such as mechanisms for blending grants and loans.

As for regional programmes for Latin America, a wide range of stakeholders from sectors such as trade, SMEs, climate, science and technology, education, and migration have benefited through ongoing programmes. Regional cooperation is also part of the programming cycle for the period 2014 – 2020 which covers the whole continent and has a specific component for Central America. The priority sectors already defined include sustainable economic growth and regional integration, environment and climate change, good governance and the security – development nexus.

Key element of the next programming cycle was the Joint Programming exercise that kick started in the majority of the countries in the region, and is expected to be consolidated in 2014. Joint Programming aims at achieving greater coordination, coherence, and impact of EU action in those

countries receiving bilateral cooperation, and thus bringing the aid effectiveness agenda to a higher level of implementation.

2.3.2. Caribbean

Introduction

Caribbean states met in Santiago de Chile with the EU in January 2013 for a high-level bi-regional dialogue within the framework of the Community of Latin American and Caribbean States (CELAC). Heads of States agreed at the Summit that investments in the region should comply fully with the economic, social and environmental dimensions of sustainable development. In this context, the importance of the green economy and improved regional integration were emphasised.

A seminar headed by Commissioner Piebalgs took place in Georgetown, Guyana in September 2013, in the context of programming for the 11th EDF for the Caribbean region. This meeting resulted in political agreements on the focal sectors for future EU cooperation with countries in the region.

In December, the annual forum between the EU and **Overseas Countries and Territories** (OCTs), took place in Brussels. The Single Programming Document and corresponding financing decisions for **Anguilla, Aruba, Montserrat, Turks and Caicos** as well as for the Dutch OCTs (**St Maarten, Bonaire, Curacao, Saba and St Eustatius**), were approved for a total combined amount of EUR 54.5 million. This was complemented with two financing decisions of EUR 7.6 million under the OCTs' 10th EDF 'B' envelope.

In the process towards the Third Conference of the Small Island Developing States (SIDS), taking place at the beginning of 2014, the Caribbean countries have undertaken the initiative to have their status recognised by the international community in order to better design cooperation and raise awareness of the negative impact of Climate Change.

Haiti remains a priority country in the region for the EU. A new budget support programme of EUR 112 million was adopted in 2013 through 10th European Development Fund (EDF) resources, focusing on state administration reforms, with a particular focus on the education sector. With this new programme, the EU fulfilled its 'pledge' announced at the New York donor conference in March 2010. The foreseen '*Cadre de coordination de l'aide externe au développement* (CAED)' was successfully launched in May 2013 with the aim to become an effective coordination mechanism among national and international partners.

Five years after the Economic Partnership Agreement (EPA) coming into effect, many of the Caribbean Forum of African, Caribbean and Pacific States (CARIFORUM) commitments in terms of institutional and administrative arrangements have gradually started. The EU has fulfilled its commitment to enable virtually all exports from the CARIFORUM countries to access the EU market duty-free and quota-free.

Year 2013 was marked by the preparation of future programming. In the spirit of the 'Agenda for Change', National Indicative Programmes for all countries in the region, except the Bahamas, were drafted based on national development plans. Bahamas, being an upper middle income country, 'graduated' to become a country that will not receive EU bilateral development cooperation after 2013. The rest of the partner countries in the region that have reached the status of middle income country will receive a reduced allocation. Only **Haiti, Belize** and **Suriname** saw their bilateral funding envelopes increased. Despite these changes, the overall allocation to the Caribbean will remain stable around EUR one billion, largely thanks to a significant increase to the regional envelope that will include a sizeable allocation to the Caribbean Investment Facility (CIF).

The CIF was launched in Barbados in March 2013 as a grant loan blending mechanism and has already approved four projects (one in **Dominica**, two in **Guyana**, and one in support of the Caribbean Development Bank) with a total grant contribution of EUR 34.7 million.

Aid effectiveness and donor coordination

The level of EU coordination on development cooperation in the Caribbean region varies from country to country. 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 Community on Aid Effectiveness, and to ensure the participation of civil society and the private sector. Moreover, there is increased coordination and dialogue through senior level meetings to set priorities and ensure effective coordination of EU cooperation activities in the field.

The preparation of the 11th EDF programming documents in 2013, via the National Indicative Programmes (NIPs), has represented a good opportunity to strengthen donors' coordination in the region through consultation with the key actors involved including governments, civil society, the private sector, and financial institutions. In **Haiti**, the EU moved into a Joint Programming exercise which should be consolidated in 2014.

Working towards the MDGs

The Caribbean has seen relatively high growth rates, with several countries improving income distribution, raising per capita social public expenditure and applying macroeconomic policies that avoided the worst of the global economic and financial crisis.

Progress has been very positive on reducing extreme poverty, providing access to safe drinking water and eliminating gender disparity in primary education, with these targets already achieved several years ahead of the 2015 MDG deadline.

According to the latest MDG report for the region (UN 2013 report on MDGs) the proportion of people in the region living on less than USD 1.25 a day fell from 12% in 1990 to 6% in 2010 and this positive trend is continuing. The proportion of undernourished people in the total population has decreased from 15% in 1990-1992 to 8% in 2010-2012. Access to primary education has been expanded with the adjusted net enrolment rate for children growing from 88% in 1990 to 95% in 2011. Over the same period, the number of children of primary school age who are out of school declined by more than half from seven million to three million. The region has achieved parity in primary education between boys and girls.

The Caribbean is also very close to reaching the target of halving the proportion of people without basic sanitation. The proportion of the population using an improved sanitation facility, such as a latrine or toilet, increased from 68% to 82% between 1990 and 2011. Meanwhile, the Caribbean has reached the safe drinking water target (MDG 7c) five years ahead of the target date of 2015. The proportion of the population using an improved water source increased from 85% to 94% between 1990 and 2011. The region is also close to reaching the target of reducing the child mortality rate, with the rate of deaths of children under five years old falling by 64% between 1990 and 2011.

Haiti, however, continues to be the country in this region that is well behind the average in achieving the MDGs.

Implementation and results

Bilateral cooperation

The entire 10th EDF for all Caribbean countries was committed in 2013 with commitments reaching EUR 386 million and payments EUR 163 million. This represented a 30% increase with respect to 2012 (EUR 126 million paid). Because 2013 was the last year for committing 10th EDF funds, a significant number of projects were adopted (24 projects in nine countries). The EDF funded interventions covered a large number of sectors, from education in the **Dominican Republic** to securing sea defences in **Guyana**, Public Finances Reform programme in **Jamaica** and a EUR 112

million budget support operation (State Building Contract) in **Haiti**, focusing on key state reforms and the delivery of basic services and education.

The Sugar and Banana accompanying measures came to an end in 2013. All projects and programmes under these facilities were engaged on time and fulfilled the objectives set for the year. For the Accompanying Measures for Sugar Protocol countries (AMSP) commitments reached EUR 91 million in 2013 and payments EUR 79 million. Payments in 2013 represent a 15% increase with respect to 2012 when EUR 63 million was paid. The beneficiary countries include **Barbados, Belize, Guyana, Jamaica and St Kitts and Nevis and Trinidad and Tobago**.

As for the Banana Accompanying Measures - BAM (2012-2013) and its predecessors, the Special System of Assistance (SSA from 1994-1999) and the Special Framework of Assistance (SFA from 1998-2008), commitments reached EUR 9 million and payments EUR 10 million. **Belize, Dominica, Dominican Republic, Jamaica, St. Lucia, St. Vincent and the Grenadines, and Suriname** benefited from the BAM.

The breakdown per country for AMSP and BAM committed to Caribbean countries in 2013 was:

Country	Sugar (EUR)	Banana (EUR)	Implementation modality
Barbados	13 358 000		Budget Support
Belize	10 449 000	9 415 779	Project
Guyana	24 345 000		Budget Support
Jamaica	29 570 000		Budget Support
St Kitts and Nevis	12 763 000		Budget Support

Budget Support

As far as new budget support programmes (commitments) are concerned, progress in 2013 was good. Budget Support programmes represent almost 59% of bilateral cooperation with the Caribbean under EDF funds and 80 % of budget (sugar-related) in 2013, with budget support programmes approved mainly in **Haiti, Guyana, Jamaica, Dominican Republic** and, **Trinidad and Tobago**. The main sectors supported through the budget support modality included modernisation of the sugar sector, modernisation of the state, education, and environment.

Budget Support programmes make a substantial contribution towards the achievement of the country's development goals. For example, in **Jamaica**, budget support disbursements have contributed to reconstruction efforts after Hurricane Sandy that struck the country in 2012 and helped keep the country's macroeconomic stability. In relation to the consolidation and modernisation of the sugar sector in Jamaica, EU budget support has facilitated the approval of 5,300 micro-grants to vulnerable workers to provide alternative livelihood options. In addition, development has been observed in the improvement of access to health and education services for ex-plantation workers, as well as in road infrastructure and drainage systems in **Guyana**.

Regional Cooperation

By December 2013, the entire regional programme allocation of EUR 160 million was committed. The decision to launch the last three regional programmes pending under the 10th EDF for a total amount of EUR 23 million, was taken. These projects concerned the 'Wider Caribbean Programme' aimed at promoting cooperation between the Caribbean region and other neighbouring regions including the French Outermost Regions; the 'CARIFORUM Crime and Security Cooperation Programme' promoting a holistic approach to the overall safety of citizens and the improvement of the security environment in the region; and the programme on 'Support to facilitate participation of CARIFORUM Civil Society in the Regional Development and Integration process' partially linked to the implementation of the Economic Partnership Agreement (EPA). While the 10th EDF is fully under implementation, the region and the European Commission have focused in 2013 on the preparation of the 11th EDF Caribbean Regional Indicative Programme for which approximately EUR 350 million have been reserved.

Case study (bilateral programmes)

Four years on from the Haiti earthquake, the EU aid reaches one in every two Haitians.

Since 2010, the EU has committed EUR 570 million for financing projects in a number of priority areas, such as supporting the state's budget, rehabilitation of roads, re-launching agriculture production, supporting primary education, promoting the defence of human rights, assuring food security, electoral assistance and support to trade. At the same time, the EU and Haiti are engaged in a regular political dialogue aimed at advancing democracy, human rights, the rule of law, security and regional cooperation.

In relation to the agricultural sector and related sectors of food security and rural development the EU has provided EUR 69.2 million to Haiti between 2008 and 2013. Results include support for micro credit through 11 financial cooperatives (EUR two million), support for the fishing industry on the Ile de la Gonâve **thus** benefiting 600 fishermen and 16 associations (EUR 1.5 million) and support for food security for around 5 000 rural families in the centre west and Central Plateau regions, through hill lakes and rehabilitation of irrigation systems.

In relation to infrastructure development, one of the main investments of the EU to help Haiti's reconstruction is the provision of support to a sustainable transport policy and network. To date, the EU has rehabilitated 367 kms of primary road network and implemented a road maintenance fund. This has allowed the reduction of the travel time between Cap Haitien and Ouanaminthe (the border with Dominican Republic) from six hours to only 45 minutes. In addition, investment by the EU in the Route Nationale 3, between Port au Prince and Cap Haitien, has contributed to increased foreign investment in Cap Haitien, Haiti's second urban and industrial centre.

Case study (regional programmes)

Contributing to private sector development

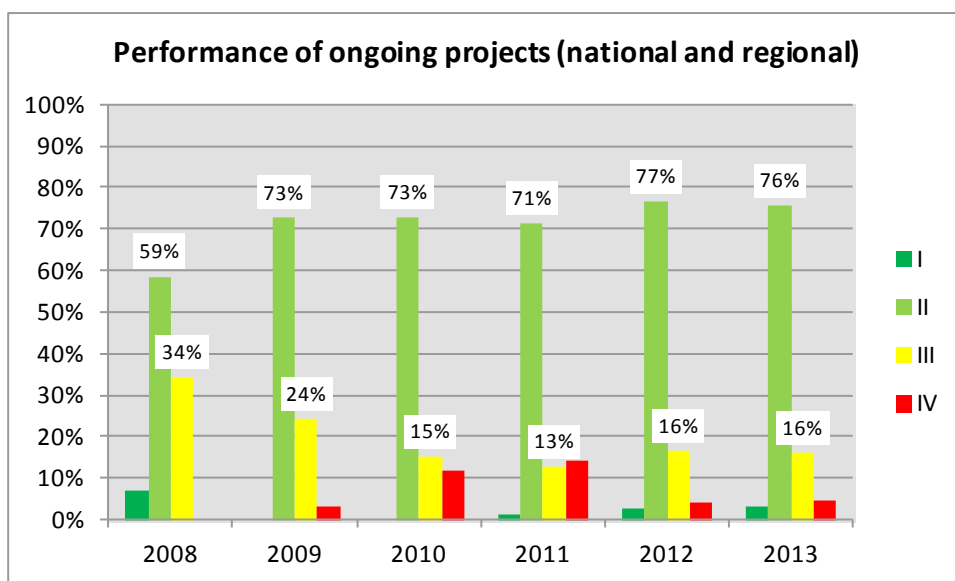
Caribbean Export Development Agency (CEDA) is the only regional trade and investment promotion agency in the ACP. Established in 1996 by an Inter-Governmental Agreement as the trade promotion agency of the 15 Member States of CARIFORUM, it expanded its activities also thanks to the continued support of the EU and has become one of the EU's most reliable partners in the region. Under the 10th EDF the EU has been supporting the agency with a contribution agreement of over EUR 28 million for the 'Regional Private Sector Development Programme'. The Programme was launched in 2011 in the context of support to the Economic Partnership Agreement (EPA) and

envisages a wide range of activities to support competitiveness and the capacity of the Caribbean private sector to export. In 2013, activities continued with both grant schemes in favour of local firms with export potential and capacity building for private and public entities in the region.

Monitoring

In the framework of the Results Oriented Monitoring (ROM), a total of five missions visited 20 countries in the Caribbean Region in 2013 and produced 76 reports, of which 50 were based on ongoing projects, nine were ex-post on completed projects, five were on budget support programmes and 12 on regional programmes. The total number of projects covered amounted to EUR 440.8 million. Four % of ongoing projects monitored in the region showed a very good performance (category I) and 78% showed good performance (category II), compared to 74% in 2012. Some 18% of the projects monitored proved to be underperforming with problems or major difficulties (categories III and IV respectively) as opposed to 25% in 2012. Overall, the 2013 results are better in comparison with 2012, as there is an increase in positively assessed relevance and quality of design. A lesser increase is observed with regard to efficiency, effectiveness and sustainability of projects.

For ongoing national and regional projects, 76% of reports gave good performance scores compared to 77% in 2012; this proportion remaining fairly stable since 2009 as shown by the following graphic.



Perspectives

In a meeting of CARICOM Heads of State in July 2013, CARICOM member states outlined their vision and expectations on the Post-2015 Development Agenda. The focus was on eradication of poverty and promotion of the welfare and well-being of people through more social inclusion, gender equality and the empowerment of women.

The specific needs of Small Island Developing States (SIDS), for example challenges related to climate change and energy security, were also identified as a priority for the region. An Accountability Mechanism should be established in 2014 to promote and monitor the implementation of commitments made.

For the EU, 2014 will be marked by the expected launch of the 11th EDF in all Caribbean countries including the regional programme, with the exception of **Cuba**, mainly supported by the Development Cooperation Instrument (DCI).

The Caribbean islands are heavily dependent on imported energy. Some of these islands are developing renewable energy programmes to address this problem. 2014 will see renewable energy projects developed in several island states with partial support from the EU through the 11th EDF. The Caribbean Investment Facility (CIF) is expected to play a major role in this context.

Acknowledging the importance of fostering cooperation between Overseas Countries and Territories (OCTs), Outermost Regions and ACP countries, closer cooperation is expected between DG DEVCO and DG REGIO.

2.4. Asia, Central Asia and the Pacific

2.4.1. Asia

Introduction

2013 has been a year of consolidation for the EU's relations with its partners in Asia. In the context of a series of changes of leadership in several countries, the EU's objectives have been to reconfirm its engagement with its four main Asian strategic partners: **India, China, Japan and South Korea**. At the same time, the EU continued to play its role in terms of support to the stability and security of the region. High level dialogues, regular political consultations, economic and sector policy dialogues and assistance provided to Asia remained at the highest level of activity. This activity rate is confirmed by the excellent pace in the negotiation of most Framework or Partnership and Cooperation Agreements (PCA) and Free Trade Agreements (FTA). The PCA with **Mongolia** was signed in April. PCA negotiations with **Singapore** and **Thailand** were initialised by the chief negotiators in the autumn. The EU continued to support Asian countries in their democratic and economic transition including through election observation or expert missions in, for example, **Pakistan, Bhutan** and **Nepal**.

The EU continued to invest in a robust and intense cooperation with the Association of South-East Nations (ASEAN) as a group, and with its members. EU-ASEAN cooperation was further strengthened, through the implementation of the **Brunei** Plan of Action 2013-2017. Working towards a more ambitious EU-ASEAN political partnership several high-level visits and meetings took place that confirmed the positive momentum, including the EU-ASEAN Ministerial in **Brunei Darussalam** in July.

2013 was the last year that six Asian countries (**China, India, Indonesia, Thailand, Maldives** and **Malaysia**) will be recipients of bilateral development aid. Preparations were therefore started to develop new cooperation relationships with these 'graduated' countries.

Aid effectiveness and donor coordination

The EU is among the most active donors in **Afghanistan** in the key sectors of development interventions such as agriculture and rural development, governance (including elections), health and security.

The EU channels a growing part of its funds through the major multi-donor trust funds for Afghanistan. At the same time, the EU is a major partner in policy dialogue; it has a leading role in steering policy discussions on agriculture and rural development, subnational governance, health, and human rights with particular focus on women's rights.

In terms of governance, the EU is a strong advocate for programmes that also strengthen governance in terms of service delivery and local development.

The government and donors coordinate their intervention closely in **Bangladesh** and have elaborated a Joint Cooperation Strategy which provides a division of labour and establishes guidelines on effective EU collaboration to achieve key development outcomes. The EU and Member States have published a “Blue Book” which gives an overview of their various development cooperation activities in Bangladesh.

All bilateral support to **Cambodia** in 2013 was aligned with national priorities. The EU further encouraged Government ownership by increasing the use of aid methods that support country systems and Government ownership (partial decentralisation, education sector budget support). Under the joint programming exercise initiated in 2013, under the leadership of the EU, a joint EU strategy was prepared in 2013 and will ensure that the EU and Member States' programmes in Cambodia are coordinated and aligned behind the Government's new National Strategic Development Plan.

Laos is one of the first wave of countries where EU Member States have agreed to undertake a joint programming exercise. The EU is an active player in the local donor coordination structures through the Roundtable Table process and the Sector Working Group (SWG) mechanism. The EU is an active member of several other SWGs including Trade and Private Sector Development, Education, Agriculture and Rural Development, Good Governance and unexploded ordnance and demining activities.

In **Myanmar**, the EU is fully engaged in efforts to improve development partner coordination locally, and committed to proceeding towards Joint Programming of EU and Member States development aid. The EU-Myanmar Task Force, which met from 13 to 15 November 2013 in Yangon and Naypyitaw, is the most visible expression of the lasting partnership that the EU and Myanmar are building.

The EU delegation played a pro-active role in promoting the aid effectiveness agenda in **Nepal** namely by the prominent role played in various policy dialogue fora (Peace and Stability, Education, and PFM). In 2013, the EU continued its dialogue about future EU assistance with the Government of Nepal as well as with the civil society, development partners and other stakeholders. The three potential areas identified for action are education, rural development and governance.

In **Pakistan**, the EU is actively seeking structured donor coordination and providing synergies and ensuring activities are complementary. Rural development, education and good governance are development areas for the programming period 2014-2020.

Research and innovation

In the area of research and innovation, Asian participation in FP7 was led by China (over 320 participants with an EU contribution of over EUR 30 million), India (over 250 participants and around EUR 40 million contributed) and ASEAN (210 participants and over EUR 27 million of funding).

The first meeting of the EU-China High Level Innovation Cooperation Dialogue took place in 2013 and the first EU-China flagship initiative for food, agriculture and biotechnology was launched at the EU-China summit of 2013.

Following on from the joint declaration on research and innovation signed at the EU-India Summit in 2012 enhanced cooperation between India, the EU and its Member States took place. An EU-India call for proposals on energy was published in 2013 with funding from seven European Funding Organisations and the Indian Department of Science and Technology.

Central Asian countries increased their participation in the Erasmus Mundus and Tempus higher education programmes in 2013.

A first Senior Officials' Meeting on education and culture was held in Delhi, India to exchange information and views on each party's policies in the field of education, cultural heritage and the cultural and creative sectors.

The EU-China High Level People-to-People Dialogue (HPPD) brings together under a single roof previous sectorial dialogues in education, vocational training, multilingualism, culture and youth. The main achievements of the HPPD have been the first meeting of the Higher Education Platform China-EU; the launch of the China TUNING; the implementation of the EU-China Year of Intercultural dialogue; the report on Culture and External Relations; the organisation of a China-EU symposium on Youth Work development; the organisation of an EU-China Expert Seminar on Youth Entrepreneurship; the support of joint cooperation projects between youth organisations by the Youth in Action and the EU-China Youth Partnership for Friendship programmes; a first mapping of the EU-China cultural and creative landscape; and the organisation of seminars in the field of cultural and creative industries in China.

Reflections are currently being undertaken to identify new follow-up actions for 2014 to 2016 to be decided at the next HPPD meeting in September 2014. This may broaden to include visa questions, migration and tourism issues.

Working towards the MDGs

According to the 2012 **Bangladesh** MDG Progress Report the country has achieved remarkable progresses in the areas of poverty alleviation, primary school enrolment, gender parity in primary and secondary level education, lowering of infant and under-five mortality rate and maternal mortality ratio, improving immunization coverage and reducing the incidence of communicable diseases. The incidence of poverty has been declining at an annual rate of 2.47% in Bangladesh from 1991-1992 to 2010, and the target of halving the population living under the poverty line was already achieved in 2012. However, challenges in achieving MDGs in several key areas remain: the education sector faces significant issues in achieving some of the targets including ensuring survival rate to grade V, improving the quality of primary education, increasing the share for education in government budgets and increasing coverage and improving quality of adolescent and adult literacy programmes.

Laos is still off-track for some MDGs including MDG 1 on nutrition and MDG 2 on primary education. The EU is committed to contribute to the improvement of food security and nutrition in the poorest rural areas of the country, to enhance access to quality primary education and to strengthen the institutional and legal framework for the rule of law in Lao People's Democratic Republic (PDR).

In the **Philippines**, support to the health sector through sector budget support has resulted in the expansion of health insurance benefits, renovation of health facilities and a significant increase in drug availability, particularly for the poor. 83% of Filipinos are already insured including the poorest 40%. The number of births attended by skilled birth attendants and facility based deliveries has increased, which is likely to result in future progress on maternal health and maternal mortality. Child health is mostly improving and the target for MDG 4 on reducing child mortality is likely to be achieved by the Philippines.

Implementation and results

During 2013 the EU committed EUR 197.5 million to support **Afghanistan** in the areas of agriculture, rural development, local governance, the election process, the rule of law and regional cooperation. This pledge is fully in line with the International Community's commitment to aligning 80% of aid with Afghanistan's National Priority Programmes and channelling at least 50% of international development assistance through the country's national budget.

In **Bangladesh**, the last programme under the current programming cycle was approved in 2013 in the form of a EUR 20 million programme of support to health and nutrition of the poor in urban

Bangladesh, bringing the total commitment in 2011-2013 to EUR 198 million. The specific objective is to improve the utilisation of sustainable, integrated and comprehensive health, nutrition and population services by the urban poor. The Government of Bangladesh is strongly committed to accelerate inclusive growth and reduce poverty with the aspiration of accessing middle income country status by 2021. In 2013, GNI per capita reached USD 1 044. However, structural causes of chronic poverty are not properly addressed by most poverty reduction programmes, and the risk of falling under extreme poverty due to recurrent natural disasters and shocks is acute.

In 2013, the EU committed EUR 63 million to **Cambodia**, 60% of which was channelled through budget support. On the basis of a good track record in the education sector, further support was provided (EUR 37 million) to the sector budget support programme, which is accompanied by technical support from UNICEF. The positive results of this support became particularly visible in 2013, thanks to the EU enhancing its structured policy dialogue with the government and other donors. This policy dialogue contributed to an increased attention to education financing, budget allocations and execution efficiency. An increase in education's share of the budget has also been announced, reversing a previous declining trend.

An additional EUR three million was committed in 2013 to support the international side of the Extraordinary Chambers in the Courts of Cambodia (ECCC) or Khmer Rouge Tribunal, allowing for continuity in the court's handling of cases, including those covering crimes against humanity related to the forced movements of the population, and execution of soldiers. An additional commitment of EUR eight million was made to support the country's PFM reforms, which are at the heart of Cambodia's reform agenda, with continued progress being made across the three platforms: budget credibility, financial accountability and programme budgeting. The EU is also supporting Cambodia's decentralisation reforms.

In 2013, the EU signed three financing agreements with the Government of **Laos** for EUR 25.5 million in the sectors of health, education, trade, and governance. The EU has been working with the World Bank to assist the Government of Lao PDR to improve macroeconomic and fiscal management and PFM systems and to contribute to the improvement of the performance of the education and the health sectors in line with the national sector development plans.

In the trade sector, the EU has been supporting Laos to comply with the rules and commitments under ASEAN and the World Trade Organization (WTO) accession process. Laos joined the WTO in February 2013.

In the governance sector, the EU programme focuses on improving Lao citizens' access to rights and administrative services. The EU has also been supporting PFM reforms, the Public Administration Reform and the National Assembly. The National Assembly has become more effective as an institution and has intensified its work with its constituency offices while its oversight functions and capacities to draft laws have been strengthened.

In 2013, the EU has adopted a new programme to support rural development and improve livelihoods in the rural areas of the Northern provinces of Laos (EUR 6.5 million) while supporting capacity building for civil society organizations and improving their operating environment continues.

In the **Maldives**, a EUR 6.5 million Climate Change Trust Fund (CCTF) implemented by the World Bank produced good results in 2013. On renewable energy, solar panels were procured and shipped to the project site and installation will begin on community buildings in 2014. With regard to coral reef monitoring, the web-enabled coral reef monitoring database development was completed. Training of communities and local authorities on waste management and composting were carried out while civil works related to the Island Waste Management Centre will be completed by mid-2014. In 2013 an additional allocation of EUR four million provided by the Commission to ensure a seamless continuation of EU support to climate change issues in the Maldives up until 2017.

In 2013, the EU's cooperation with **Mongolia** took into account the rapid economic and social changes taking place in the country as a result of the recently signed mining deals. New projects that promote economic diversification and aim to strengthen the economic governance of revenues from Mongolia's

mineral wealth were adopted. The EU responded to the Government of Mongolia's specific request for assistance to modernise the Mongolian standardization system, adapting and adopting EU principles, norms and standards. The EU supports the Government's strategy on economic development and the goal of inclusive and sustainable development.

The Comprehensive Framework, which sets out EU policy and support to ongoing reforms in **Myanmar** was adopted by the Foreign Affairs Council on 22 July 2013. The EU is fully engaged in efforts to improve development partner coordination locally and committed to proceeding towards Joint Programming of EU and Member States development aid. The overall aim of the Joint Programming process is to coordinate donor contributions in order to focus effectively on key areas. The first EU-Myanmar Task Force, which took place on 13-15 November 2013, comprised several high-level events where EU support and the countries development challenges were discussed and resulted in a joint statement from High Representative Ashton and President U Soe Thein.

Nepal remains a post-conflict and fragile country and ranks as the third poorest country in South Asia. Despite the political impasse, it has reduced its incidence of extreme poverty from 42 % in 1996 to 25.2 % according to the Nepal Living Standard Survey III conducted in 2011. However, the incidence of poverty in rural areas is almost double than that of urban areas. One of the main focuses of future EU assistance will be on integrated rural development with the aim to reducing poverty in rural areas to 20 %. Net enrolment in primary school increased from 64 % in 1990 to 90 % today with a target of more than 95 % in 2015. The EU will continue its assistance to the education sector in Nepal to further improve access and equity in education, to improve the quality of education (including teacher development), to improve institutional capacities with focus on school management committees and parent/teacher associations, and to improve PFM and governance across the education system. It will also start working on improving the vocational training system.

In 2013, the EU continued its assistance in the education sector, through Sector Budget Support (School Sector Reform Programme with EUR 31.6 million committed in 2012) in order to increase access and improve the quality of school education. The assistance to 'Stability, Peace consolidation and Governance' was also continued to support the capacity of the Nepali State to implement sustainable peace building activities pursuant to the Comprehensive Peace Agreement, and also through support to the electoral process via a programme financed through UNDP. Constituent Assembly elections took place in Nepal in November 2013. Moreover, the EU will launch a EUR 10 million programme to enhance PFM at central level, through a multi-donor Trust Fund managed by the World Bank, and at local level, through a project implemented by the Asian Development Bank. The activities of the programme 'Building Climate Resilience', funded under the Global Climate Change Alliance (GCCA) with additional contributions from Cyprus and the UK government's Department for International Development (DFID), launched in February 2012.

In the **Philippines**, the EU's support focuses on the health sector, governance, trade and providing assistance to vulnerable populations. In 2013, EU specific targeted and thematic assistance continued in Mindanao and progress has not only been made in peace building and conflict resolution, but also in improving livelihoods, restoring community based infrastructure and in the return and recovery of internally displaced people. In the trade sector, the EU has provided support to areas of trade policy and export development, standards conformity, and food safety as well as trade facilitation.

General elections took place in **Pakistan** in May 2013 and a new Government took office shortly afterwards. While the political situation remains tense with the Government engaged in a three-way political struggle between the executive, the judiciary and the military, there has been a certain degree of political stability. The new Government also faces major macroeconomic challenges, not least in the form of the reforms to the energy sector and in public finances that are required urgently.

2013 saw significant progress in development cooperation with Pakistan, first and foremost in the fields of education and rural development. The EU approved support for a large budget support

programme on education and a programme on enforcing the rule of law: both programmes taking place in the Province of Khyber Pakhtunkhwa. Cooperation on PFM was strengthened in the Province of Sindh as well as at the federal level in Punjab.

The EU has been supporting Technical and Vocational Education Training (TVET) via small-scale projects for human capital building and job creation for some years. The effectiveness of this aid was demonstrated at a major event, organised in Islamabad in November 2013, on the occasion of the visit of the EU representatives for the Subgroup Development Cooperation.

Political relations have been increasing in prominence since the launch of a strategic dialogue in June 2012. Relationships have further improved following the establishment of the new Government after the elections in early 2013 and a successful EU election observation mission.

In 2013 the main achievements in **Sri Lanka** arose from the 'Assistance to Conflict Affected People programme' (EUR 53 million) which came to an end. The programme provided assistance to about 500 000 internally displaced people (IDP) helping them to get their lives back on track after resettlement through enhanced food security and the benefits of various forms of livelihood support. In addition 52 schools, 55 community buildings and 27 healthcare centres were reconstructed, and several thousand hectares of agricultural land were rehabilitated. Finally, a number of supporting measures such as legal aid assistance, empowerment of women and vocational training were also successfully completed.

The EU has also funded housing programmes over the years in response to urgent needs, particularly in the North, but also in the East of Sri Lanka where clusters of previous displaced people have recently resettled since 2011 and live in precarious conditions and in provisional shelter. The first phase of the programme came to an end in July 2013 and produced excellent results, providing housing for more than 10 000 people after their release from their camps. Under the second phase of the programme implemented by UN Habitat, which will be finalised in March 2014, close to 3 700 houses will have been built or repaired. Under the third and ongoing phase of the programme, around 3 000 houses will be completed by June 2015, bringing the total number of houses provided by the EU to close to 20 000 in the North and East.

In **Vietnam**, a EUR 114 million support to the reforms in the Health Sector has been decided in December, further enhancing EU support to access and quality of health services for the poor, facilitating the provision of universal health insurance coverage and an improvement of health system management. € 6.4 million have been committed to strengthen key public finance institutions with the aim of assisting Vietnam's plan for an increased transparency and accountability in the use of public funds.

Case Studies

Afghan wheat

The EU currently supports a total of 104 private enterprises in 28 provinces in **Afghanistan** producing a total of 25 000 metric tonnes of certified wheat seeds each year, thus improving food security in the country. 10 000 metric tonnes were sold and delivered to Afghan farmers for the 2013-14 sowing season. More than 500 000 certified fruit saplings were sold to farmers to replace poor quality and older varieties with higher yield and high market-value species.

Over 70 000 Bangladesh farmers trained to increase production.

Since 2010, the Commission has helped more than 70 000 farmers (both husbands and wives), and over 3 000 government extension officials with hands-on training in crop intensification in seven coastal districts. Food prices in Bangladesh have risen dramatically since 2007 resulting in serious problems of malnutrition. In addition, southern Bangladesh was hit by two devastating cyclones in

2007 (Sidr) and 2009 (Aila). In response, Bangladesh's Government launched a campaign to increase local production.

Houaphanh boosts Bamboo Development Strategy.

The province of Houaphanh in Northern **Laos** has abundant and largely untapped natural bamboo resources. The provincial government recognises the potential of bamboo to contribute significantly to the local economy and help to alleviate the high incidence of poverty in the area. To that end, it has developed a Bamboo Development Strategy which the EU is supporting. Sixty bamboo producer communities, processors and traders in three districts have increased revenues along the bamboo value chains, have developed bamboo plantations while managing the forest sustainably, and initiated locally based handicraft and pre-processing units for markets and industry.

Improved Cook Stoves in Laos

The overall objective of this programme is to contribute to poverty reduction and sustainable economic growth in Lao PDR by developing a sustainable value chain around improved cook stoves. The Improved Cook Stoves promote the efficient use of wood and charcoal and reduce greenhouse gas emissions. Through the project, 15 SME stove producers were able to sustainably produce 100 000 high quality Improved Cook Stoves. An estimated 100 000 low income households will directly benefit from this initiative.

Cambodia boosts rice exports

The EU supports SME development in **Cambodia** through a EUR 8.6 million input to a Multi-Donor Trust Fund (MDTF) managed by the International Finance Corporation (IFC). With the EU as the main contributor, the programme is improving SME competitiveness in the rice sector. This includes the upgrading of rice milling capacity in the country as well as support to marketing Cambodian rice which won the 'Best World Rice' award for 2012 and 2013. As a result, the value and volume of exports more than doubled in 2013.

Development for Stabilisation and Peace in Pakistan

In 2013 an EU-financed sector budget support programme was launched to reinforce local development in the militancy and flood affected Swat Valley of Khyber Pakhtunkhwa Province. This programme builds on earlier humanitarian and recovery assistance. It contributes to the consolidation of peace and a return to normality for the six million inhabitants of a mountainous region that is also the home place of the 2013 Sakharov prize winner Malala Yousuf: a young woman who is currently in Europe where she is recovering following an attempt to kill her and silence her calls for improved access to education for girls.

Monitoring

The 2013 monitoring exercise covered a total of 191 projects in Asia which represents an increase of almost 7% compared with 2012. The total value of projects monitored in Asia this year amounts to EUR 747 million, which represents a decrease of almost 4% compared to 2012 (EUR 777 million).

Notwithstanding security concerns in certain Asian countries, particularly with reference to Pakistan, Afghanistan and North Korea, missions to these three countries were organised and successfully undertaken in 2013.

Reports produced vs. projects monitored in Asia by type 2013

Projects	Number of projects monitored	191
	Ongoing projects	163
	National projects – ongoing	142
	Regional projects - ongoing	21
	Ex-post	27
	National projects - ex-post	26
	Regional projects - ex-post	1
	Budget Support	1
Reports	Number of MRs produced	191
	MRs Ongoing	163
	MRs Ongoing for national projects	142
	MRs Ongoing for regional projects	21
	MRs Ex-post	27
	MRs ex-post for national projects	26
	MRs ex-post for regional projects	1
	Budget Support	1
Total budget covered		EUR 747 million

Overview of performance by DAC criterion of MRs for ongoing national projects in Asia

Asia	Very good (Cat I)	Good (Cat II)	Problems (Cat III)	Serious deficiencies (CAT IV)
Ongoing (national) projects				
Relevance	18%	59%	23%	0%
Efficiency	10%	49%	39%	2%
Effectiveness	7%	49%	41%	3%
Impact	14%	62%	23%	1%
Sustainability	7%	61%	31%	1%
TOTAL				
Total Number of MRs				

Breaking the data down by sub criteria provides some interesting insights. Of note is the consistency in the performance of the respective sub criteria: efficiency problems are mainly linked to problems with inputs (human and financial), and management weaknesses. On the other hand, while there are very high levels of relevance there are also significant weaknesses in design. In summary, problems identified in the 2013 ROM portfolio (and in previous years) are concentrated in the areas of:

- Availability of inputs (staffing problems and delayed financial transfers) that are generally more prevalent in the earlier stages of the project life cycle;
- Management (inappropriate organisational set up; lack of adequate management tools, poor communication, weak monitoring systems);
- Financial sustainability/viability; and
- Poor design (overly ambitious; wrong choice of partners; lack of clarity re roles and responsibilities and lack of involvement of key stakeholders etc.).

The overall performance of regional programmes in 2013 is similar to that recorded in 2012: they consistently score fairly on average in terms of Efficiency, and the closely related Effectiveness criteria. These poor ratings are mainly due to the problems encountered in achieving a consistent implementation of activities and achievement of outputs and results across a heterogeneous group of countries. By their nature they are more difficult to implement due to the varying contexts within which they operate and the differing capacities of the participating countries.

Perspectives

The EU's dialogue and cooperation with Asian partners should keep focusing on sustainable development and access to resources. Energy and water are important issues that need to be addressed and areas of cooperation such as good governance, the rule of law, economic growth and integration will continue to require attention.

While Asian economies have shown remarkable recent growth, poverty is still widespread on the continent. Most countries in the region face challenges due to uneven regional development. Moreover, increasing income inequality is a matter of concern. EU cooperation through the DCI focuses mainly on governance and social sectors, namely education and health, food security, rural development, climate change, environmental protection and trade integration, all of which have beneficial effects on reducing poverty and achieving the MDGs.

In **Afghanistan**, in line with the EU's high level political commitments, the multi-annual programme under preparation for Afghanistan (2014-20) aims to maintain funding levels comparable to those of the preceding period (2007-2013). The new programme will be centrally informed by the principles of the Tokyo Mutual Accountability Framework (TMAF) that sets out a series of commitments by the Government of Afghanistan and donors including the EU.

In **Myanmar**, the proposed main sectors for development cooperation with for 2014 – 2020 will be rural development, education, governance and support to peace. Although the bilateral assistance budget hasn't been formally approved by the European Parliament and the European Council, EU support could increase up to EUR 90 million per year. Support for the Ethnic Peace Process is a key EU priority and although there is much good will and appropriate structures for coordination in place, the issue remains complex and sensitive. The challenge is to assist the government as it defines its development strategy for the country, while also supporting the key area of ethnic peace.

2.4.2. Central Asia

Introduction

The EU continued to strengthen its relations with Central Asian countries (**Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan**) throughout 2013 on the basis of the EU's Central Asia Strategy and the review of the Strategy and future orientations and key actions outlined in the Third Progress Report. Cooperation continued to develop notably in the regional initiative areas of

education, the rule of law and the environment and water, as well as on energy, human rights promotion and the action plan on drugs and border management. A first EU-Central Asia High Level Security Dialogue was held in Brussels in June 2013 at the level of Deputy Foreign Ministers, reflecting the increased importance of security issues in relations. In November 2013, the revised EU-Central Asia Action Plan on Drugs was approved; this was welcomed by the EU-Central Asia Ministerial Meeting on 20 November 2013 in Brussels.

During 2013, the EU-Central Asia policy dialogue intensified at various levels: ministerial conferences, regional technical groups and national level dialogue (notably under the Flagship Initiatives established for the priority areas) enhanced further cooperation and promoted the effective implementation of projects at regional and bilateral level. To diversify economies and to promote regional cooperation, structural reforms remain crucial; it is particularly important to strengthen private sector development. As a land-locked region, Central Asia also faces important challenges in terms of geography. In addition, it is highly prone to natural disasters and extremely vulnerable to climate change. National policies for environmental governance and sustainable energy development, which would bring substantial benefits to the population and the wider regional economy, have emerged at the top of the policy agenda in all countries.

Aid effectiveness and donor coordination

Donor coordination is improving across the region, thanks in part to the EU-Central Asia Strategy and its implementation mechanisms, and as a result of efforts at country level. The EU has also increased its cooperation with international financing institutions, enhancing overall coordination and enabling a sharper focus on priority areas to improve the impact of assistance.

During 2013, the Commission continued to foster donor coordination and implement the EU Code of Conduct on the division of labour in Central Asia. Notable results have been achieved in **Tajikistan** and **Kyrgyzstan**, where joint cooperation strategies with other donors have been in place since 2008 - 2009. In Kyrgyzstan, the EU became co-chair of the broader donor group (the Development Partners Coordination Council) which meets monthly. In **Uzbekistan**, the Commission Delegation and EU Member States held regular coordination meetings. Although **Turkmenistan** is not yet a signatory to the Paris Declaration, recently regular coordination meetings have been held in Ashgabat where EU and non-EU actors discuss their activities in key sectors for development. The EU cooperates with the UN across the region on issues including: elections, human rights, social protection, prison reform, women's rights and border management issues.

In **Tajikistan**, work on the division of labour in the country is mainly dealt with through the Development Coordination Council. Within this framework donors are looking for greater transparency about current and planned activities with the aim of avoiding double funding and to increase synergies between activities. Cooperation in Tajikistan aims to use country systems wherever specific conditions are met. Substantial support is thus channelled through country systems (42% of 2013 disbursements) mainly through sector budget support programmes.

Working towards the MDGs

Central Asia is, in general, in line with 13 MDG indicators, slow in another five (child, infant and maternal mortality, skilled birth attendance and access to water), and regressing or making no progress in two (primary school enrolment and HIV prevalence). As a whole the region has made some progress on poverty reduction, in particular as regards the number of people living on less than USD 1.25 per day, and has stopped the spread of tuberculosis. By 2015 it is expected that the region will meet the following MDG targets: country line poverty, provision of health services on antenatal care, and proportion of land area covered by forests.

Kazakhstan has achieved MDGs 1, 2 and 3 and has set more ambitious 'MDG+' goals: halve poverty among the rural population; achieve universal secondary education; ensure gender mainstreaming in national planning and budgeting; prevent violence against women; and increase women's representation in legislative and executive bodies. It has also achieved the indicators: skilled birth attendance (MDG 5) and tuberculosis incidence and prevalence (MDG 6). However, there are some troubling trends in the underweight children indicator (MDG 1).

The **Kyrgyz Republic** 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 has also attained the MDG 6 targets on tuberculosis incidence and prevalence, but has decreased the proportion of protected areas. Nevertheless, a number of goals need an increased attention, including those related to reduction of maternal and child mortality rates and combating HIV/AIDS.

Tajikistan has attained MDGs 1 and 2, and has reduced tuberculosis prevalence and incidence (MDG 6). However, progress is slow with some of the gender equality indicators (MDG 3). The country has met the targets on CO₂ emissions and basic sanitation. Tajikistan being one of the countries implementing 'MDG Acceleration Frameworks' (MAFs) identified lack of access to energy as a barrier to achievement of the goals on poverty, child and maternal health, education, and has applied the MAF to unlock bottlenecks to the achievement of these targets.

Turkmenistan has attained most of MDG 7 targets related to emerging environmental issues: reduction of CO₂ emissions, increase of protected areas; and improvement of basic sanitation facilities. The country has also reduced the prevalence of tuberculosis (MDG 6). However, it is regressing in providing access to safe drinking water (MDG 7).

Uzbekistan has attained the MDG 6 target on tuberculosis incidence, but is the only country in Central Asia still to achieve MDG 2 primary enrolment and completion target. While the country is coming close to reaching its MDG of reducing the rate of population living below poverty line to 14 % in 2015, poverty remains a serious problem in rural areas.

Implementation and results

In 2013, EU development cooperation commitments to Central Asia totalled EUR 95.3 million.

In **Kazakhstan**, the EU approved a new programme 'Supporting Kazakhstan's transition to a Green Economy Model' in 2013 and continued the implementation of the programmes on public sector reform, economic diversification and foreign investments.

In **Kyrgyzstan**, implementation of the Social Protection sector budget support programme continued, contributing not only to progress in PFM reform (notably the realisation of an internal audit), but also to the adoption of several government programmes aiming to improve care of children living in institutions.

Furthermore, implementation of two new programmes started in 2013: a EUR 20 million education sector reform contract and a EUR 13.5 million programme promoting respect for the rule of law. The implementation architecture for the latter is still under preparation, including negotiations with EU Member States regarding the establishment of a consortium for the two major components 'Enhancing Capacity and Oversight Mechanisms' and 'Judiciary Reform'. Progress in education reform, however, was tangible, and combined with progress in improvement of PFM allowed for a first disbursement of the sector budget support in December.

In addition, the prison reform programme was concluded in 2013. Results included training of prison staff, the establishment of income-generating activities for inmates and the refurbishment of designated prisons. These positive results were confirmed by an assessment mission and also directly through positive feedback from beneficiaries.

In **Tajikistan**, six projects focused on poverty alleviation in rural areas were finalised. Several agribusiness cooperatives were established and are successfully operating, more than 20 000 tree seedlings have been planted, and over 3 350 farmers benefited from training in energy efficiency and natural resources. Work on further expansion of social services at the community level continued. Four Social Services development projects started in 2013 and several day care centres and outreach services have been established. The Targeted Social Assistance scheme, after successful piloting in two districts in 2011-2012, has been expanded to an additional eight districts. In health, with EU and other donors support, the government has started piloting per capita financing for primary health care and revised the basic benefit package. EU has also supported the Government in its final efforts to gain WTO accession. Tajikistan has become the 159th member of WTO.

In **Turkmenistan** the EU has concluded a programme to support the interpretation and application of International law. This EUR 1.4 million project has upgraded the level of expertise of judicial and legal professionals involved in legal drafting and implementation. As a result, over 300 participants were trained in International law and related practices.

In the area of human rights, the EU has finalised the implementation with UNDP and the UN Office of the High Commissioner for Human Rights (OHCHR) of a EUR 2.2 million first wide donor programme aiming to engage Turkmenistan in complying with its international human rights standards.

In 2013, the EU has focused its support in the area of Vocational Education and Training (VET). The EU bilateral cooperation to modernise professional education in Turkmenistan will continue in the years to come with the aim of extending the reform process to key sectors of the VET system.

In **Uzbekistan**, the EU programme in support to the Reform of the Criminal Justice Sector in Uzbekistan, implemented by specialised agencies from EU Member States, provides capacity building at strategic and operational levels within the Uzbekistan Supreme Court Research Centre, the General Prosecutor's office, the Ministry of Justice and the Ministry of Internal Affairs. Phase II of the EU programme aiming at the Improvement of Mother and Child Health Services in Uzbekistan is contributing to ongoing health reforms in Uzbekistan by implementing an integrated package of newborn and child survival interventions, thus bringing the country closer to attaining its Millennium Development Goals (see case study).

The Investment Facility for Central Asia (IFCA) continued to provide targeted assistance by blending EU grants with loans from European financial institutions and banks to gain financial and qualitative leverage and thereby increase the impact of EU cooperation. IFCA is now active in the areas of environment (renewable energies and energy efficiency), energy (renewable energies and energy efficiency), and with SMEs. In the future, a possible extension to include social infrastructure investments and transport is envisaged. In 2013, four projects have been financed for a total amount in IFCA grants of nearly EUR 16 million contributing to projects amounting to a total value of EUR 185 million. These projects are Framework for strengthening Infrastructure in Central Asia, the Bishkek Solid Waste Project, the Framework for Technical Assistance in Kazakhstan, and the Technical Assistance to KazAgro Climate loan for SMEs, Midcaps and microSMEs.

The regional EU-Central Asia Rule of Law Platform project continued activities in 2013 in support of the implementation of the political EU Rule of Law Initiative for Central Asia. The project organised several national and regional events including a regional seminar on the right to a fair trial in Bishkek, a study visit to administrative courts and institutions in Latvia, Germany and France and to European institutions in Strasbourg, a training workshop for the development of the professional skills of enforcement agents in Dushanbe, and a round-table on fair trials and defence rights in Almaty.

The implementation of the Regional Environmental Programme (EURECA) continued as well as the activities of the EU-Central Asia Platform for Environment and Water cooperation, with the fourth EU-Central Asia high level conference organised in Bishkek in February 2013 on water and environmental protection.

The EU-Central Asia Education Platform responds to the need for a more structured dialogue on education modernisation in the region and for coordination of EU and Member States cooperation initiatives in this sector. Within this project in 2013 series of national events were organised including a regional workshop on VET in **Kazakhstan** and national human resource management seminars in **Kyrgyzstan** and **Uzbekistan**. On the basis of a needs assessment and stakeholder consultations, topics chosen so far for policy dialogues are: Quality in Vocational Education and Training (VET) and Higher Education (HE); Human resource management in VET and HE; teacher policies, education and training.

The implementation of the fifth phase of the EU regional programme Central Asia Drug Action Programme (CADAP) which gives support to drug demand reduction in Central Asian was completed in the second semester of 2013. The implementation of the programme by a consortium of EU Member States has yielded good results demonstrating institutionalisation of EU best practices in drug related agencies of the region. The sixth phase of CADAP will support drug prevention and reduction measures preventing and reducing drug use and drug-related harm to health and society.

Phase eight of the Border Management Programme in Central Asia (BOMCA), supporting integrated border management, continued in 2013. It gave a strong focus to sustaining border management reforms on the lines of the Integrated Border Management concept widely applied in Europe. The 11th annual Central Asia Border Security Initiative (CABSI) meeting was held in October 2013 in order to take stock of the implementation of security programmes in the region over the last decade. Participants expressed their commitment to improving the security issues along Central Asian borders by promoting integrated border management.

Case studies

Improvement of Mother and Child Health Services in Uzbekistan, Phase II

This project contributes to ongoing health reforms in Uzbekistan by implementing an integrated package of new-born and child survival interventions to help bring the country closer to attaining its Millennium Development Goals. It serves as a successful example of how a national commitment to large-scale policy reform and introduction of high-impact, cost-effective health interventions can make a real difference. With EU support, over 2 700 health professionals are able to provide quality health services. Ten training centres were created in six pilot regions to support this process. The Ministry of Health is being assisted in updating the most important regulatory frameworks in the area of mother and child health. In addition, the project is focused on improving the health culture of the population by making positive changes to family behaviours and practices in health, nutrition and hygiene.

Support to Public Internal Financial Control II in Tajikistan (2011-2013)

This Programme focused on the development and implementation of methodology for Financial Management and Control and Internal Auditing; the strengthening of internal financial control systems in the areas of budget preparation, control of spending and financial reporting in the core Tajikistan ministries and the professional certification of internal auditors.

In 2013 intensive training was implemented to build the capacity of various ministries. This allowed the extension of the preparation of detailed budget plans according to the Medium Term Expenditures

Framework from the three initial social ministries (Health, Social Protection and Education) to a total of six ministries (including the ministries of energy, agriculture and transport). Procedures were approved to implement the Law on PFM and the Medium-term Budget was prepared in accordance with the Law.

In 2013, for the first time in Tajikistan, the certification of internal auditors was achieved by using computer-based testing and web-based training programmes; in total, sixty-one public sector internal auditors have been certified. Internal Audit and Financial Management Control were strengthened in the Ministry of Finance and several line ministries. The Chamber of Accounts has also been established and started the first audit ever of the Tajikistan budget

The Law on Internal Audit in Tajikistan's public sector has become a model law for the Commonwealth of Independent States of the former Soviet Union.

Supporting the modernisation of professional education in Turkmenistan

Following this two year, EUR 2.6 million bilateral programme on 'Support to quality and relevance of Vocational Education and Training (VET)' professional qualifications have been developed for three first pilot sectors in Turkmenistan: construction, agriculture and tourism. This will help to improve the population's employability in the context of lifelong learning. The project has cooperated with 11 pilot schools in the relevant sectors and has provided training to over 200 VET school teachers and directors.

The establishment of Working Groups on VET as well as the organisation of study visits abroad to European VET centres have been additional achievements for the project involving relevant stakeholders in the selected sectors.

This project is the first EU funded intervention in the overall VET policy in Turkmenistan. It has been implemented in parallel to major education reforms that occurred in 2013, namely the transition to 12 year general secondary education, which also brings changes in professional education in the country.

Monitoring

The 2013 monitoring exercise covered a total of 46 projects in Central Asia which represents a decrease of almost 19% compared with 2012, and a decrease of 27% compared to 2011. However, the total value of Central Asian projects monitored this year amounts to EUR 123 million, which represents an increase of almost 6% compared with 2012 (EUR 116 million).

Reports produced vs. projects monitored in Central Asia by type 2013

Projects	Number of projects monitored	46
	Ongoing projects	38
	National projects - ongoing	29
	Regional projects - Ongoing	9
	Ex-post	8
	National projects - ex-post	7
	Regional projects - ex-post	1
	Budget Support	0

Reports	Number of MRs produced	63
	MRs Ongoing	55
	MRs Ongoing for national projects	29
	MRs Ongoing for regional projects	26
	MRs Ex-post	8
	MRs ex-post for national projects	7
	MRs ex-post for regional projects	1
	Budget Support	0
Total budget covered		EUR 123 million

Overview of performance by DAC criterion of MRs for ongoing national projects in Central Asia

Central Asia	Very good (Cat I)	Good (Cat II)	Problems (Cat III)	Serious deficiencies (Cat IV)	Average
Ongoing (national) projects					
Relevance	7%	76%	17%	0%	2.94
Efficiency	7%	59%	31%	3%	2.79
Effectiveness	7%	59%	31%	3%	2.84
Impact	3%	69%	28%	0%	2.84
Sustainability	0%	83%	17%	0%	2.84
TOTAL					2.85
Total Number of MRs					29

The overall average score for the portfolio of ongoing national projects monitored in Central Asia during 2013 (29 reports) was 2.85 as compared with 2.99 for 42 reports in 2012. The highest rated criterion in 2013 was Relevance and Quality of Design (2.94) and the lowest rated criterion is Efficiency (2.79). This year's ratings show a slight decrease in all criterion compared with the situation recorded in 2012.

The overall performance of regional programmes in Central Asia in 2013 has registered an improvement compared to 2012: scoring 2.80 compared with 2.60. Although generalisation about programmes is very difficult to make given the very diverse nature of EU support to regional initiatives in the targeted countries, they do seem to suffer particular problems in terms of Impact and Efficiency (2.69 and 2.77), although this still represents a slight improvement in comparison with 2012 (2.63 and 2.60 respectively). The EC regional cooperation strategy in Central Asia focuses on three main areas of intensified policy dialogue and enhanced co-operation: rule of law, education, and environment. These three platforms were monitored this year and the scores awarded show that two of the three are experiencing serious difficulties (2.40 being the overall score for the Rule of Law Platform and 2.46 for the Education Platform). On the other hand, the Environment Platform was rated relatively positively (2.77) which would indicate that there is scope for an exchange of experiences and best practice between the three areas.

Perspectives

The EU's Multiannual Indicative Programme allocation for Central Asia for 2011-13 was EUR 321 million and covered both regional and bilateral cooperation. The new programming period for 2014-2020 is under preparation and the future EU cooperation with Central Asia will focus at bilateral level on the specific focal sectors identified for each country, while concentrating at regional level on the key areas of sustainable socioeconomic development and regional security for development.

2.4.3. Pacific

Introduction

In September 2013, the annual Pacific Island Forum (PIF), the region's key annual political meeting gathering all the nations' leaders, took place in the Marshall Islands with the theme "Marshalling a Pacific response to the climate challenge". Commissioner Hedegaard represented the EU and engaged in talks aimed at driving the international and regional climate change agenda forward and to highlight the immediate negative effects of climate change on the region. The EU's support in addressing the impact of climate change was backed up by the signing of the 'ACP-EU Building Safety and Resilience in the Pacific' programme.

The EU also signed up with its climate change targets to the Majuro Declaration for Climate Leadership adopted by the PIF. In the Declaration Pacific Island Countries committed to phase down their own greenhouse gas emissions with a view to putting pressure on other much bigger polluter regions. The partnership between committed Pacific and European (as well as African and other) parties to the United Nations Framework Convention on Climate Change is a main driving force in international climate negotiations.

The EU continues to encourage the region to ratify and implement UN conventions on human rights as well as the Rome Statute on the International Criminal Court. The Pacific suffers from the lowest level worldwide of female political representation and an unacceptable level of gender-based violence. The EU is ready to further support the region to tackle gender issues as a key constraint to achieving sustainable development.

Based on **Fiji's** new Constitution, preparations started with a view to elections in September 2014 to which the EU is providing support. In accordance with the appropriate measures agreed under article 96 of the Cotonou Agreement, assistance continued to be channelled through civil society and regional organisations.

Pacific regional cooperation supports the economic integration efforts of Pacific countries in areas such as trade, including negotiations of a Pacific Comprehensive Economic Partnership Agreement. Following informal suspension, following **Papua New Guinea's** decision to withdraw, negotiations are expected to continue once the Pacific side has agreed on a common position on the way forward.

From a research and innovation perspective a new network, PACE-NET Plus, was launched in 2013 to continue supporting the EU-Pacific policy dialogue in Science and Technology, including dialogue on innovation issues.

Aid effectiveness and donor coordination

The EU supports the 2009 Cairns Compact which seeks to enhance aid effectiveness in the Pacific by encouraging development partners (states and regional organisations) to lead donor coordination. As of 2011 delegated cooperation and transfer agreements had become possible with Australia that allowed the EU and Australia to use one another's experience and implement programmes on each other's behalf. Australia has decided to provide funding to an EU intervention in the food security sector in South Sudan. On its side, the EU has agreed to fund an Australian technical and vocational training programme to sugar industry dependants in Fiji.

The success of the Pacific Energy Summit in Auckland in April 2013, co-hosted by New Zealand and the EU, created a momentum in the coordination of development aid between the European Union and New Zealand and contributed to fast track renewable and energy efficiency investments in the Pacific. In 2013, the EU endorsed the Pacific Region Infrastructure Facility (PRIF) Charter which provides a platform from which Australia, New Zealand, the Asian Development Bank, the World Bank, the Commission, European bilateral Investment Banks, the EIB and, more recently, Japan can coordinate infrastructure projects.

As a whole, the presence of the EU in the Pacific operates through EU delegations in Papua New Guinea, in the Solomon Islands, where the EU office was upgraded to a fully-fledged delegation, and the Delegation to the Pacific region based in Fiji. Small offices in New Caledonia and Samoa also reinforce the EU role as a strategic partner in the region. The office in Vanuatu was, however, closed down on 31 December 2013.

Working towards the MDGs

Despite continued and coordinated efforts, several countries in the Pacific are still falling behind on their MDGs and progress, in general, is slow compared to 2012, where only the **Solomon Islands** showed marked progress (on MDGs 4 and 5). **Papua New Guinea, Solomon Islands and Kiribati** are not yet on track with any MDGs⁵⁵.

Hunger and malnutrition is relatively rare in the Pacific region, but **Timor Leste** is an exception with relatively high levels of malnutrition. In order to improve this situation, the EU in 2013 contributed EUR 10.2 million to a nutrition programme to be implemented in partnership with UNICEF. The Pacific lag on MDG 1 mainly refers to poverty in terms of people lacking access to basic services and opportunities to participate in socioeconomic life and meet basic human needs.⁵⁶ Whereas tracking poverty in the Pacific is problematic because of poor statistics, **Cook Islands, Fiji, Niue, Palau, Marshall Islands and Tuvalu**, are now classed as High Middle Income Countries⁵⁷, (**New Caledonia** and **French Polynesia** being classified as high income). In the region all countries belong to at least the lower middle income category⁵⁸.

Progress has been made towards achieving universal primary education, MDG 2, where only **Kiribati** and Papua New Guinea are off track. Similarly, for MDG 3 progress in empowering women is off track only for Papua New Guinea and the Solomon Islands, but shows mixed results for most other countries. Papua New Guinea is now the only Pacific country off track with regard to reducing child mortality (MDG 4) but many are also on track to achieve maternal health goals.

With the exception of **Papua New Guinea, Kiribati** and the **Marshall Islands**, most Pacific island countries are likely to achieve the MDG targets on HIV/AIDS, malaria and other diseases by 2015 (MDG 6).

Concerning environmental sustainability (MDG 7), energy security remains a key priority in the region as most countries are highly dependent on imported fossil fuels. Access to safe drinking water and basic sanitation remain a concern in many Pacific states. Overall global warming and climate change pose significant threats to most Pacific island nations that are highly vulnerable to rising sea levels. Progression towards environmental sustainability is slow in **Papua New Guinea, the Solomon Islands, Vanuatu, Kiribati** and **Nauru**, but, for instance, **Timor Leste** has vastly expanded its protected areas. Also in Timor Leste a programme of the Global Climate Change Alliance for EUR four

⁵⁵ Pacific Islands Forum Secretariat, 2013, "MDG Tracking Report"

⁵⁶ Pacific Islands Forum Secretariat, 2013, "MDG Tracking Report", 6

⁵⁷ <http://mdgs.un.org/unsd/mdg/Host.aspx?Content=Data/Regional/oceania.htm>

⁵⁸ World Bank, 2014

million was approved and will start in 2014 in partnership with the state aid organisations GIZ (Germany) and CICL (Portugal).

Implementation and results

2013 represented the final year of execution of the 10th EDF and implementation showed good progress in many countries, particularly in countries where budget support is in place or programmed (**Samoa, the Solomon Islands, Tonga, Vanuatu** and the **Cook Islands**) in support of sectors such as water and sanitation, energy and health. The Global Climate Change Action covers the entire region and the EU is now funding climate change and environment programmes in every Pacific region country subject to its development aid.

For the **Cook Islands**, the Commission took the Decision to finance the Sanitation Sector Reform Contract for an amount of EUR 2.550 million.

A military coup in **Fiji** in December 2006 led to the suspension of most of the EU's cooperation with the country. Since 2007, assistance is channelled through NGOs or regional organisations. The main source of EU funding to Fiji is therefore the Accompanying Measures for Former Sugar Protocol Countries that aims to provide social mitigation measures to alleviate poverty by promoting farm income and agriculture. Programmes have started to yield results as a significant number of farmers and those who have lost their livelihoods have benefited from new income earning opportunities through vocational training and access to credit for farmers. In total EUR 48 million were committed between 2011 and 2013 for social mitigation programmes, key services to agriculture, complementary livelihood opportunities and support to the sugar industry. In 2013, the EU also supported the democratization process through civic education and support to elections and the Parliament.

In **Kiribati**, two successful EU programmes in 2013 saw follow-on allocations of funding in the EUR 3.4 million Kiribati Water and Sanitation programme phase II, and an extension of the Environmentally safe aggregates in Tarawa (see example programme) brought the funding up to EUR 5.2 million.

In 2013 the **Marshall Islands, Micronesia, Nauru, Niue, Tuvalu** and **Palau** all received funds to enhance their Technical Cooperation Facilities to support the administrative implementation of programmes.

The EU has continued to provide important assistance to support the implementation of the **Samoa's** water and sanitation sector policy in 2013.

In **Timor-Leste**, the EU approved budget support for EUR four million that will enable scaling up future budget support. Meanwhile a mid-term review of an ongoing EDF10 rural development programme (EUR 23 million) commented very positively on a labour-based rural road component implemented by ILO, whereas a Health Sector programme (EUR 10 million) performed less satisfactorily. Tendering for a District Road project (EUR 20.5 million) was started in 2013 and will be launched in 2014. Other major ongoing programmes concern support to democratic governance (EUR 10.5 million) and support to Non State Actors (NSAs) (EUR 4 million).

In 2013 three projects completing the 10th EDF in favour of **Papua New Guinea** were approved, namely; the EUR 26 million Human Resources Development Programme II, the EUR 6 million Trade Related Assistance II and the EUR 32.28 million Rural Economic Development II.

2013 also paved the way for a significant support for **Tonga's** Energy Sector Reform.

The EU's programmes for regional cooperation (EUR 114 million for the 10th EDF, 2007-2013) complement national assistance programmes and aim at tackling challenges with a regional dimension. In 2013, new decisions were adopted to support climate change adaptation and to promote sustainable energy for a total of EUR 35.5 million. There were also actions to strengthen NSAs'

engagement in regional policy development and implementation. Two regional fisheries projects already in place since 2012 continued to yield good results and contributed to tracking and surveillance systems for sustainable management of migrating fish such as Tuna and prevention of illegal fishing. Another project, aimed at strengthening Pacific economic integration through trade led to, among other things, trade legislation reviews in Palau, the **Federated States of Micronesia** and **Tuvalu**, and to technical support for WTO engagement and trade negotiations.

Case studies

Renewable energy in the Pacific

In three Northern Pacific Island states, the Renewable Energy and Energy Efficiency Programme (EUR 15.49 million in 2010-15), seeks to replace expensive imported petrol products with clean, safe and affordable renewable electricity in remote islands. The programme simultaneously decreases dependence on fossil fuels and has a net positive impact on the Islands' balance of payments. In the **Republic of Marshall Islands**, the project completes electrification of all outer island communities by installing 1 500 solar home systems in 14 atolls, giving 7 000 people access to basic electricity for the first time and enabling the country to meet its target of electrification of 95 % of rural outer atoll households. By the end of the project 37 % of the country's total population will receive electricity exclusively from renewable sources. In the **Federated States of Micronesia**, standalone solar systems have been installed in 10 schools, four health centres and charging stations for 3 500 solar lanterns has provided 7 000 people with better lighting. In addition, 900 people have access to reliable and affordable electricity with the installation of a solar micro-grid. The project has also rehabilitated a hydro power plant. In **Palau**, the project is actively promoting renewable energy and energy efficiency through the installation of a solar grid connected system in public buildings.

Sanitation for Samoa

In **Samoa**, the Water and Sanitation Sector Policy Support Programme (EUR 49.9 million in 2012-14) primarily aim to sustainably improve access to clean and affordable water supplies and access to basic sanitation and waste water systems. It also seeks to improve watershed management, flood mitigation measures and reinforce the country's water sector governance. An estimated 96 % of the population have benefited from the EU support to this sector. The European Union is the lead donor in the water sector, contributing 70 % of the financing, and therefore 16 000 people have been given access to improved water sources and 11 000 people access to improved sanitation over the past decades.

Monitoring

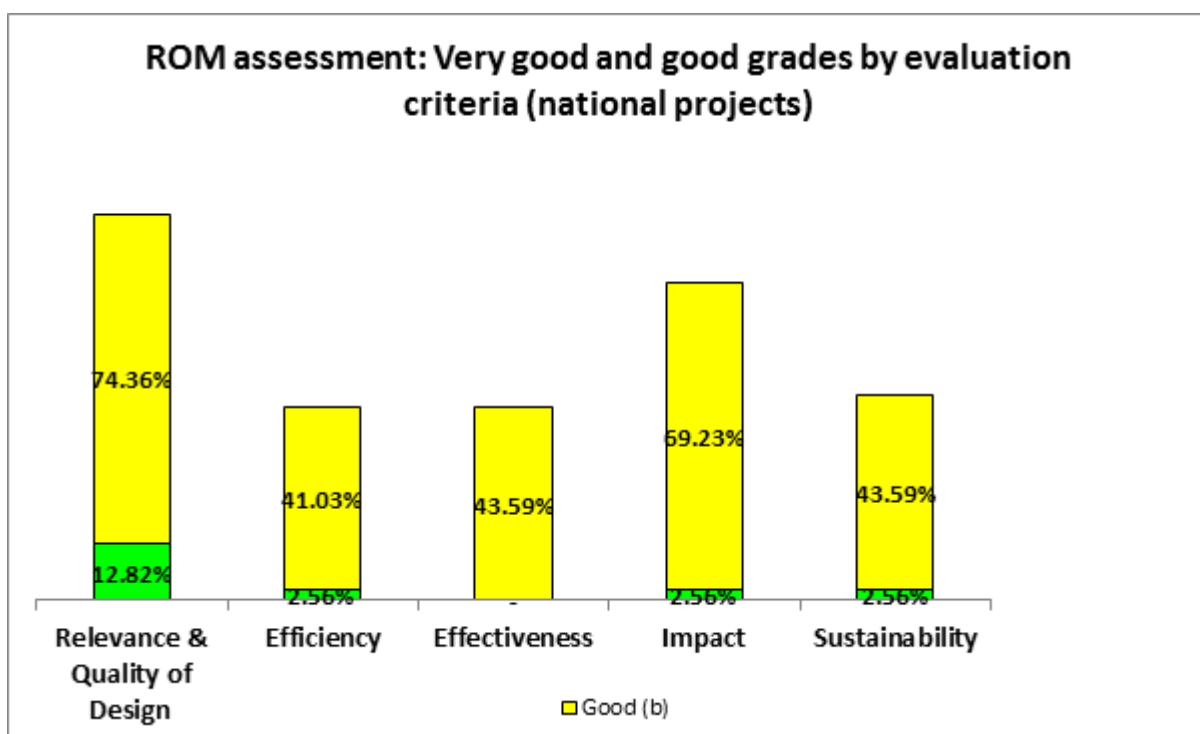
A total of four ROM-missions covered 19 pacific countries and overseas territories in 2013, producing a total of 75 reports, of which 39 were ongoing, five ex post and 31 regional MR (including 20 component reports). The total value of projects covered amounted to a budget of EUR 196.86 million (on-going, including EUR 23.65 million ex-post). This makes the Pacific region the most thoroughly covered by monitoring activities in the whole ACP-area.

Of the total ongoing national projects monitored in the Pacific region, 87 % were considered relevant and 70 % delivering a good or very good impact. The programmes that were considered to deliver a very good impact fell however from 5.8 % to 2.6 % and around 55 % of the programmes had problems with sustainability, efficiency and effectiveness. Yet, overall 64 % showed good performance, which is an improvement compared to 2012, when only 40.4 % showed good performance. Therefore, while most programmes are considered relevant, there are strong concerns with regard to efficiency,

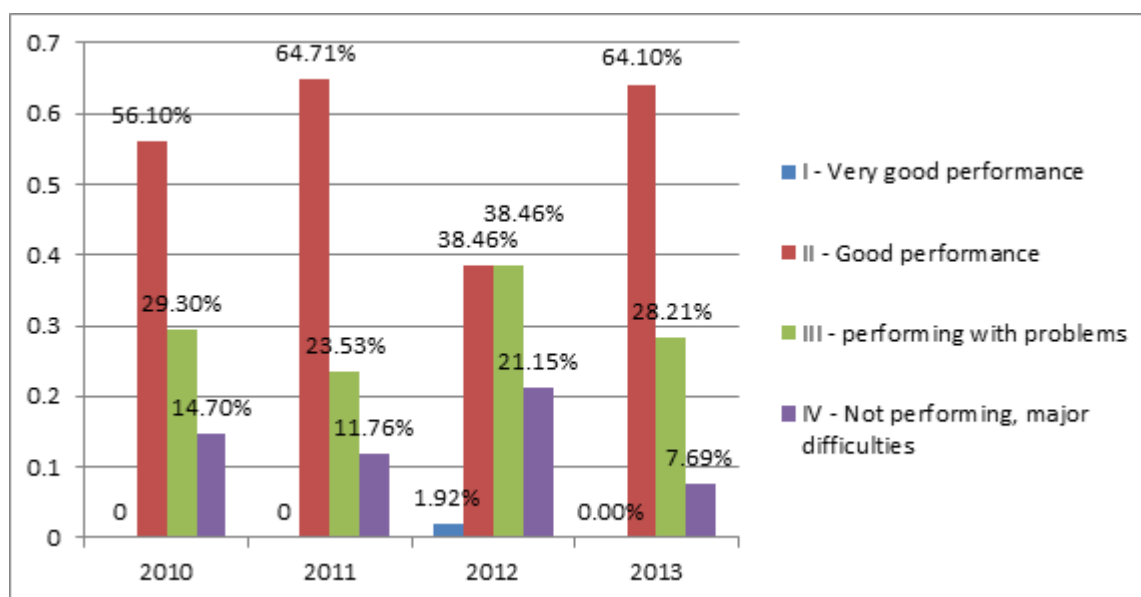
effectiveness and sustainability. Yet again, the ROM monitors judged the impact of the projects to be high.

The overall performance of regional programmes in the Pacific is significantly higher than national projects, with 82 % demonstrating good performance, especially when it comes to relevance and sustainability.

The specific geographic conditions in the Pacific continue to affect the implementation of country projects. Typical problems include the great distances involved, an absence of reliable statistics and indicators, lack of continuity in project management, including lack of trained project management staff.



The following graph shows the evolution of the overall performance of the portfolio in the Pacific from 2010. The year 2013 reflects an increase in the number of projects with good performance between 2012 and 2013.



The monitoring consultants for the Pacific (EPTISA) in 2013 were asked by the Commission services to present the aggregate results of their Results Oriented Monitoring (ROM) in the Pacific for the period 2000-2013. The presentation of monitoring data from previous EDFs was used for the first time directly in the programming for the coming EDF 11 (2014-2018). One of the main conclusions from the monitoring carried out in the Pacific is that performance of country portfolios is directly linked to the level of ownership by recipients and to their capacity to effectively manage projects. Many Pacific countries have significant constraints in terms of managerial capacities and also the financial sustainability of EDF interventions is a major concern in smaller Pacific countries. These caveats can be mitigated by long term engagement in key sectors to build capacities and progressively improve performance. Also, multi-country interventions and regional bodies in the Pacific have proven to be relatively effective, when combining high levels of country ownership and alignment with enhancement of regional expertise that can support the countries with limited administrative capacities. Clear and commonly agreed objectives and performance indicators are also key to success, which calls for good access to data and statistics. In small countries, concentration of interventions to a single sector is appropriate to make the best of limited resources and maximise synergies. In addition to the monitoring, a broader Pacific evaluation took place that issued a draft report in October 2013.

Perspectives

The year 2013 was the final year for commitments under the 10th EDF and all the 2013 relevant funds were committed by the end of the year, representing EUR 214.9 million in the Pacific ACP countries..

Programming priorities for the 11th EDF (2014-2020) began in 2013 with a dialogue between the Pacific EU delegations and the Pacific island states. Initial proposals were discussed and jointly reviewed by the Commission and EEAS services in 2013 and confirmed when the new Commission and Parliament is elected in 2014. The 11th EDF programming is, for most Pacific countries, focusing on energy access, water and sanitation and environmental sustainability, often in combination with rural development.

The European Commission is increasingly seeking to enhance donor coordination in the Pacific region along with use of country systems. Given the state of public governance in many pacific countries, the Commission will seek to channel funds via multilateral institutions and regional programmes, where the experience is favourable. 2013 saw the start of implementation of the EU Pacific Investment Facility, which will blend grants and loans and facilitate donor coordination. As far as possible budget

support will be the preferred implementation method. All programmes will focus on so called SMART objectives and performance indicators.

2.5. Overseas Countries and Territories (OCTs)

Introduction

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

Legislative proposals

Based on a Commission proposal, the Council adopted the Overseas Association Decision (OAD) on 25 November 2013. The OAD is the legal basis that lays down the rules and procedures governing the political, commercial and financial relations between the EU and the OCTs. The OAD reflects a paradigm shift from poverty reduction to cooperation on issues of mutual interest and gives a special emphasis on issues relevant for the OCTs including enhancing the OCTs' competitiveness; strengthening their resilience and reducing their vulnerability, and promoting cooperation between OCTs and their regional, European and international partners.

Moreover, the Internal Agreement on the 11th EDF establishes a total fund of EUR 364.5 million for OCTs.

In addition, discussions continued at Council regarding the Commission's proposal for an EU-Greenland Partnership for the period 2014 – 2020. The adoption of the draft Council decision is expected in the first quarter of 2014 following scrutiny in the European Parliament.

Policy dialogue, the OCT-EU Forum and training

The **12th OCT-EU Forum** took place in Brussels on 5-6 December 2013. In addition to OCT authorities, representatives of the Member States and the Commission; Members of the European Parliament, the EU Presidency, the European Investment Bank, and the President of the conference of the Presidents of outermost regions attended the Forum. Discussions focused on the launching of the programming exercise for resources allocated to OCTs under the 11th EDF and on the Council Decision on the association of the OCTs with the EU for the post 2013 period.

In the margin of the OCT-EU Forum further meetings took place with individual OCTs in presence of the Member States to which they are linked. The Commission also organised a training seminar on EDF for Territorial Authorising Officers of OCTs.

Finally, the Commission organised and chaired six tripartite and several ad hoc meetings with OCTs and Member States representatives. A partnership working party on Environment, Climate Change and Biodiversity was also organised in September 2013 with the participation of experts from OCTs and the relevant Commission services.

Implementation

Atlantic and / or isolated OCTs

During 2013, EU cooperation with **Greenland** continued to support the education sector with a new financing decision of € 28 717 140. The Greenland Education Programme aims at increasing student intake in post-elementary education and providing vocational training for unskilled workers. On an annual basis Greenland submits to the Commission reports providing evidence of the progress made

and the results achieved concerning students attending vocational training, high schools and higher (tertiary) education and students obtaining a job within one year of graduation. The programme reached most of the targets set in the Territory's Annual Work Plans.

The Commission has initiated contacts with Greenland regarding the Programming Document for the period 2014-2020. Consultations focused on defining the process to be followed in the programming exercise, assessing the political, economic and social situation of Greenland and defining the policy framework of the Government of Greenland. Furthermore, the possible sector for financial cooperation for the period 2014-2020 was discussed.

In June 2013, the **Falkland Islands'** Single Programming Document was approved and the relevant Financing Decision adopted (EUR 4.13 million), aiming to support economic diversification by focusing on tourism and agriculture and reduce an over-reliance on fisheries.

For the Atlantic OCTs of **Saint Pierre et Miquelon**, the budget support programme (EUR 20.7 million) aims to enhance the economic development of the territory and promote the diversification of its economy. In 2013, first and second tranches were disbursed with a total value of EUR 6.9 million.

In **Saint Helena, Ascension and Tristan da Cunha**, EU assistance provides support for the transport infrastructure through a sector budget programme (EUR 16.6 million). In 2013, EUR 5.8 million was disbursed for this purpose.

Caribbean OCTs

In October 2013, the Single Programming Documents for **Turks and Caicos Islands** were approved and the Financing Decision adopted by the Commission (**EUR 11.85 million**). The EU funds will support the implementation of the 2013-2017 Turks and Caicos' Development Strategy, with special focus on the improvement of the environment for private sector development.

For **Anguilla**, the EU assistance aims to support the implementation of the Medium Term Economic Strategy 2010-2014 of the Government of Anguilla (EUR 11.7million). In 2013, EUR 3.6 million was disbursed.

The Single Programming Document for **Montserrat** (EUR 15.66 million) foresees support for the implementation of the Territory's Sustainable Development Plan and the Sustainability Roadmap. In 2013, the second tranche of an amount of EUR 4.7 million was disbursed.

In the case of the **former Netherlands Antilles**, the Single Programming Document (EUR 24 million) targets support for urban infrastructures for socially deprived areas in Curacao and Saba; sewerage for St. Maarten and Bonaire; and port development for St. Eustatius. In 2013, the five Financing Agreements for the former Netherlands Antilles were signed, enabling implementation to start in 2014.

For **Aruba**, the budget support programme (EUR 8.88 million) supports the implementation of the National Education Plan. In July 2013, the first fixed tranche was disbursed for an amount of EUR two million.

Indian Ocean OCTs

In December 2013, following an ad hoc review, the Commission decided to allocate an additional amount of EUR six million, to be added to the current Single Programming Document of **Mayotte**. The total EU assistance (EUR 29.7 million) will assist Mayotte to implement its territorial development plan and improve the PFM in the territory. Mayotte will become an Outermost Region on 1 January 2014.

Pacific OCTs

In 2013, three Single Programming Documents were approved and the corresponding Financing Decisions were adopted by the Commission (EUR 38.7 million):

In **French Polynesia** (EUR 19.8 million) for two projects have been approved: support to sanitation infrastructure in the island of Tahiti and reinforcement of institutional capacities to build water sector policy.

In **Wallis and Futuna** (EUR 16.5 million) the funds were allocated for a project to rehabilitate port infrastructure.

For **Pitcairn** (EUR 2.4 million) the funds of the territorial envelope will support the Pitcairn Tourism Development Strategy through budget support.

Following the damages suffered during Cyclone Evan the Reserve B was mobilised in favour of **Wallis and Futuna**. The Commission decided to allocate EUR 1.6 million in order to ensure the rehabilitation of the electrical supply system in the island of Wallis.

The implementation of the budget support programme in favour of the vocational training in **New Caledonia** (EUR 19.81 million) continued in 2013 through the disbursement of a total amount of EUR 6.5 million.

Regional Programme and provision of experts for capacity building purposes

Regional Programme

Following the approval in 2011 of the Single Programming Document for Regional Cooperation for OCTs (EUR 40 million) the Commission, in close cooperation with the relevant OCTs, proceeded with the implementation of the following regional strategy projects:

The '**Caribbean OCTs Small and Medium Enterprises programme**' (EUR 15 million) contributes to the economic diversification of Caribbean OCTs by improving the competitiveness of SMEs in the territories. The tendering phase has been concluded in 2013 and implementation will start in 2014.

'**Initiative des Territoires pour la Gestion Régionale de l'Environnement INTEGRE**' programme (EUR 12 million) supports conservation and management of natural resources and ecosystems in the four Pacific OCTs.

'**Gestion durable du patrimoine naturel régional de Mayotte et des Iles Eparses (TAAF)**' project (EUR three million) was approved by the Commission in 2012 and the respective Financial Agreement was signed in early 2013.

'**Technical Assistance to the OCT Association**' (EUR five million) provides long and short-term technical assistance to the OCT Association and allows for the organisation of the annual OCT-EU Fora in 2014 and 2015.

Provision of experts

Several short-term service contracts were signed in 2012 under the Technical Cooperation Facility II and were implemented in 2013. The contracts provided for the elaboration of a Mapping study of the NSAs in **New Caledonia**, a study on Renewable energies and green policy in the OCTs, a study to support the **Anguilla** Air and Sea Port Authority, and a seminar on the reinforcement of the capacities of local authorities in **French Polynesia**.

In addition, a Commission Decision regarding the Technical Cooperation Facility III was adopted in 2013 for the amount of EUR 2.4 million and two short-term service contracts were signed: Mapping study of the NSAs in French Polynesia and an update of the Environmental profiles of the OCTs.

3. CHAPTER 3 - IMPLEMENTATION: THEMATIC OVERVIEW

3.1. The thematic programmes

3.1.1. Investing in people

In 2013 the third report on the implementation of the Action Plan for Gender Equality and Women's Empowerment (GEWE) in development cooperation (covering the period 1 July 2012 to 30 June 2013) was prepared and will be discussed by the Council before the end of the year. Some of the results from the report are listed below:

Gender equality is increasingly mainstreamed in fields that are not usually engendered such as infrastructure. This is the result of the effort paid to sensitise colleagues to issues in these areas, through initiatives such as the Headquarters-supported programme implemented by the UN Women-International Training Centre International Labour Organisation (ITC ILO): 'Financing for Gender Equality'. The number of sectors using sex-disaggregated indicators has increased this year from five to 18. This includes sectors that provide water and sanitation facilities, agriculture and forestry, regional development, environment and public financial reform. For instance, in Chad, following the gender analysis launched in February 2012 the gender perspective is being integrated in every step of a water and sanitation project. In practical terms this means that women are recruited among the project staff; women are equally involved in the decision-making process about location of the drinkable water sources, about the price of water supply etc. A "gender team" has been created in the Ministry for water and sanitation; gender training is being provided to several stakeholders involved in the programme implementation (for instance to the Cellules de Conseil et d'Appui à la Gestion (CCAG) and finally meetings with men and children are organised to open discussion about water and sanitation priorities.

Women's empowerment is one of the indirect results expected from an EU-funded programme on forestry in **Morocco**. The issue of gender equality is taken into account in activities such as the realisation of studies and evaluations on areas where women play an important role (e.g. collection of firewood and energy production); the update and review of the forestry policy, also covering firewood/energy aspects, and ensuring the involvement of the civil society; pilot actions aiming to reduce the use of firewood, which should have an important impact on women's workload; grants to NSAs for forest and protected areas management, including socioeconomic inclusion opportunities for women; and the reinforcement of consultative mechanisms at central, regional and local level to improve the governance of the forestry sector, which will also ensure women's involvement.

The Gender Action Plan foresees the elaboration of a Gender Country Profile in each country where the EU cooperation takes place. The Gender Country Profiles are baseline documents intended to help in the identification and development of programmes and projects by providing an accurate and precise picture of the state of play of gender equality in the country. Twenty-five Gender Country Profiles have already been published and more are in the pipeline. Among those realised in 2013, are profiles for the six Eastern Partnership countries (**Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine**). They highlight key facts and figures on gender equality, provide inputs on gender-related challenges in key sectors of cooperation, and an assessment of relevant national statistical capacities. The profiles will inform future cooperation policy dialogue, in particular with regard to gender mainstreaming in the new bilateral and regional programming documents as well in the design

of future actions. Over the period 2014-2020, the Eastern Partnership will be covered under the new European Neighbourhood Instrument (ENI) and it is envisaged that “proper integration of cross-cutting issues, in particular gender and environment and climate change” will be ensured; and “the main efforts should be to mainstream these within wider interventions”.

The EU continues to provide its support for capacity-building on UN Security Council Resolutions 1325 and 1820 on fragile states. For instance the EU just concluded a cross-regional programme ‘Women Connect across Conflicts: Building Accountability for Implementation of UNSCR 1325, 1820, 1888, 1889’ which aimed at enhancing the capacity of women’s human rights activists and gender equality advocates to effectively and meaningfully engage, influence, and mobilise for dialogues on security and peace issues at various levels nationally and regionally in the South Asia (**Afghanistan and Pakistan**), the Southern Caucasus (**Armenia, Azerbaijan and Georgia**) and the Central Asia / Fergana Valley (**Kyrgyzstan, Tajikistan and Uzbekistan**) regions.

In the framework of the ‘African Union Support Programme’, the EU directly supports the ‘AUC Women, Gender and Development Directorate’ in the implementation of their work plan (17.61 % of the AUC 2013 programme budget approved) and meetings have been held to strengthen the gender perspective in current cooperation inclusively in the Peace and Security dimension.

In October 2012, the EU launched a new joint regional programme for the South Mediterranean Region. The programme, which was co-funded by UN Women, aims at supporting national and regional stakeholders to empower women economically and politically in the follow-up to the Arab Spring.

The ‘Spring Forward for Women’ programme will support initiatives by national and regional institutions and CSOs to ensure women’s active engagement in decision-making, to empower women economically and to enhance regional knowledge and experience sharing on women’s political and economic rights.

In January 2013 a ‘EU-CELAC Action Plan 2013-2015’ was adopted which identifies instruments and activities that should lead to concrete results guaranteeing ownership and capacity building in eight different areas one of which is gender.

In this area, the main objective is to prioritise the gender equality issue in the context of bi-regional relations and underscore the political will in both regions to guarantee gender equality and the protection, exercise and promotion of women’s rights, including political participation by women; elimination of all forms of violence against women and girls, including sexual violence; and economic empowerment of women and their participation in the world of work and in all decision-making processes.

In order to enhance relations with the Association of Southeast Asian Nations (ASEAN), the ASEAN Commission on the Promotion and Protection of the Rights of Women and Children (ACWC) visited the EU in Brussels at the invitation of EEAS in February 2013. This visit was financed under the existing Regional EU-ASEAN Dialogue Instrument. The ACWC delegation comprised two members (one for women and one for children’s rights) from each of the 10 ASEAN Member States. The purpose of the visit was to expose the ACWC to EU views, approaches and institutions and to engage in dialogue in the area of the rights of women and children.

The new Research and Innovation Programme, Horizon 2020, launched in December 2013, includes research directly relevant for the priority themes in development. In particular, Horizon 2020 includes a Societal Challenge on ‘Climate Action, Environment, Resource Efficiency and Raw Materials’, one on ‘Food Security, Sustainable Agriculture and Forestry, Marine, Maritime and Inland Water Research and the Bioeconomy’ and one on ‘Europe in a changing world – Inclusive, innovative and reflective societies’ which addresses migration issues as well as democracy and human rights.

The research calls launched in the last phase of FP7 included topics on sustainable management of resources, climate change, food security, migration, and involving developing and Neighbourhood countries. In addition dedicated research and innovation cooperation activities were also launched, for example, with ENP countries.

3.1.2. Non-state actors and local authorities in development

A final evaluation was conducted of the 'Non-State Actors and Local Authorities in Development' (NSA-LA) thematic programme that spanned 2007-2013 and funded EUR €1.3 billion for projects from Civil Society Organisations (CSO) and EUR 235 million for Local Authorities (LA) in 2013. Through its support for substantive activities and dialogue at policy level the programme contributed to raising the profile of CSOs and LAs from the EU and partner countries on the global development agenda.

In 2013, cooperation continued to be strengthened in terms of volume of resources, but also in the inclusion of CSO-LA in the development processes. The Annual Action Programme allocated EUR 46.3 million for NSA-LA (EUR 210.4 million in 80 countries for NSA and EUR 35.9 million in 40 countries for LA). Areas of intervention included capacity building, democratic governance, MDG issues and service delivery.

Under the regional ENPI South 'Cleaner, Energy-saving Mediterranean Cities' project, in 2013 the Commission's Joint Research Centre (JRC) started to support the extension of the Covenant of Majors initiative, one of the most promising implementing mechanisms of the EU Action Plan for Energy Efficiency, to the Southern Mediterranean partner countries⁵⁹. The JRC provides local authorities with technical and scientific assistance, analysis and capacity building to support the formulation, implementation and monitoring of Sustainable Local Energy Plans (SEAPs), and helps them match the EU commitment to meet and exceed the 20 % CO₂ reduction objective by 2020.

Civil Society

In 2013 the Commission began to work on providing EU Delegations with guidance on the preparation of roadmaps for engaging with civil society based on the 2012 Communication 'The Roots of Democracy and sustainable development, Europe's engagement with civil society in external relations'⁶⁰. The analysis of the bilateral programmes demonstrated that CSO are increasingly participating in all the phases of project cycle management.

The Policy Forum for Development, which emerged from the Structured Dialogue process, was also set up in 2013 and brings together representatives of transnational networks of CSOs, Local authorities from the EU and partner countries, Trade Unions, Chambers of Commerce, Business Associations, Foundations, and Cooperatives.

Local Authorities

The Communication 'Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes'⁶¹, adopted in May 2013, focuses on good governance at the local level and a territorial approach to development. It aims at supporting decentralisation, reforms, capacity development of LAs, smart solutions towards sustainable urbanisation and the reinforcement of Associations of LAs at national, regional and international levels.

DEAR

⁵⁹ Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine, Syria (cooperation presently suspended), and Tunisia

⁶⁰ COM(2012) 492 final, 12.9.12

⁶¹ COM(2013) 280 final, 15.5.2013

EuropeAid has also furthered its engagement in Development Education and Awareness Raising (DEAR) in Europe. A multi-stakeholder consultation process⁶² has led to the publication of a 'Staff Working Document'⁶³ in December 2012 that identifies areas of intervention that are now informing the Commission's 2014-2020 DEAR strategy. In 2013 the Commission continued its engagement with stakeholders, including CSOs, LAs, Member States, and the European Parliament. A Call for Proposals⁶⁴ was launched for EUR 35 million to NSA-LA focusing on the European Year of Development 2015, issues raised by the Communication 'A Decent Life for All: Ending poverty and giving the world a better future'⁶⁵, and interdependencies between developing countries and Europe.

⁶² 'Study on the Experience and Actions of the Main European Actors Active in the Field of Development Education and Awareness Raising'

⁶³ (SWD(2012) 457 final, 20.12.2012

⁶⁴ EuropeAid/134863/C/ACT/Multi, 16.11.2013

⁶⁵ COM(2013) 92 final, 27.2.2013

Case study

Raising awareness of MDGs

Since 2009, this European Commission-funded project has helped more than 70 000 primary and secondary school students, 4 500 teachers, 500 students and teachers in primary and secondary schools for children with disabilities, and over 2 000 officials in municipalities and the education sector across Sweden, the UK, Estonia and the Slovak Republic increase their knowledge of the MDGs. Working through a twinning programme between schools in the four EU countries and Afghanistan the project of the Swedish Committee for Afghanistan has also focused on breaking stereotypes and promoting a better understanding of Muslim cultures and similarities between children and youth in the two continents.

3.1.3. Migration and asylum

During 2013, the EU policy framework for migration and development was significantly strengthened. In May 2013, the Commission adopted a new Communication on 'Maximising the Development Impact of Migration'⁶⁶, which was prepared jointly by the DG for Home Affairs and the DG for Development and Cooperation – EuropeAid. The Communication underlined the significant impacts of increasing human mobility on all three pillars of sustainable development.

The Communication served as the basis for the EU's joint position for the UN High-level Dialogue on International Migration and Development in October 2013. The EU played a leading role in preparations for this High-level Dialogue which renewed and strengthened political commitment at international level for links between migration and development.

The EU Adaptation Strategy on Climate Change was adopted in April 2013 with the aim of setting out actions that will contribute to making Europe resilient to climate change. The Strategy notes the importance of global climate impacts and their repercussions in the EU as well as on neighbourhood countries. The strategy takes account of global climate change impacts, such as disruptions to supply chains or impaired access to raw materials, energy and food supplies, and their repercussions on the EU. A Staff Working Document on Climate Change, Environmental Degradation and Migration⁶⁷, which was adopted with the Strategy showed that there is little evidence to suggest that climate change would significantly increase the number of migrants into the EU.. The paper also recommends that more should be done to harness the potential of migration to make a positive contribution to supporting climate change adaptation and disaster risk reduction, for example by facilitating remittance transfers to environmentally vulnerable regions.

In line with these important policy developments at EU level, the Thematic Programme for Migration and Asylum complemented geographical EU funding with continued assistance to partner countries in all migration related areas with a strong focus on maximising the development impact of migration.

In the area of migration and development, an operational research initiative was launched jointly with OECD to enhance the capacity of 10 low- and middle- income countries in Asia, Latin America, the Middle East and Africa to incorporate migration into their development strategies and other public policies.

2013 also saw the continuation of EU support to partner countries in enhancing their capacities to better address refugee situations, in particular in the Horn of Africa and in North Africa. With an overall

⁶⁶ COM(2013) 292 final, 21.5.2013

⁶⁷ SWD(2013)138 final, 16.4.2013

objective to improve the protection and the delivery of assistance to refugees and asylum seekers, the activities included capacity building and training for governmental and non-governmental partners while improving educational opportunities and income-earning possibilities for refugees and asylum seekers, including for host communities.

In the context of recent policy development at EU level, a Regional Development and Protection Programme was launched in relation to the refugee crisis in and around Syria that will be fully operational in 2014. It will focus on assistance and capacity building to both refugees and to host communities in Lebanon, Jordan and Iraq to address the challenge of the significant influx of refugees from Syria.

Following the signature of the EU-Morocco Mobility Partnership in May 2013, an EU programme was launched to support its implementation. Activities under the project include training and capacity building to Moroccan authorities to engage and support their diaspora in Europe through the design and implementation of programmes aimed at mobilising their human, social and financial capital for the development of Morocco. The support also includes reinforcement of capacities to better manage labour migration and to support the socioeconomic reintegration of returning migrants.

3.1.4. Environment and sustainable management of natural resources including energy

Environment, climate change and green economy remained key topics in 2013. The Thematic Programme on Environment and sustainable management of Natural Resources, including Energy (ENRTP) supports global or regional partnerships, agreements with international organisations, innovative policies, good practices, capacity-building and governance of global public goods. Many geographical programmes address these issues too, leading to a higher allocation of resources to the environment portfolio.

In line with the Agenda for Change, the programming 2014-2020 and the Rio+20 Conference, the water sector has shifted focus taking into account the economic aspects of water (energy and agriculture).

The United Nations Environment Programme (UNEP) remained a solid partner for implementing the Commission's efforts to promote sustainable management of natural resources. In addition EUR 20 million committed to support the Switch Africa Green programme, UNEP received an additional allocation of EUR 7.5 million for the strengthening of international environmental governance. Through UNEP, the Commission also supported the work of a number of Multilateral Environmental Agreements (MEAs⁶⁸) for which UNEP provides the Secretariat.

As a contribution to the UN Sustainable Energy for All (SE4ALL) initiative, the JRC carried out a geoeconomic analysis identifying the least-cost rural electrification options for sub-Saharan Africa⁶⁹. Calculations showed that in 2012 photovoltaic (solar PV) was the cheapest electricity source for one-third of the overall African population. The energy-related local data and regional geo-information were organised in user-friendly maps, which can help African decision-makers to plan their own least-cost rural electrification scenarios and help to reduce the energy poverty gap in Africa.

The JRC also published a report investigating the possible impact of climate change in the next few decades on the availability and exploitability of different renewable energy resources in Africa. Based

⁶⁸ Including the Convention on Biological Diversity and the Basel, Rotterdam, and Stockholm Conventions related to the sound management of hazardous chemicals and wastes

⁶⁹ Results were presented in an article published in *Renewable and Sustainable Energy Reviews*.

on outcomes of state-of-the-art climate models, the JRC investigated the expected changes in the amount and the geographical location of resources for solar, hydro, wind and biomass energy. The results provide guidance for investors and policy makers dealing with energy systems planning and development in Africa⁷⁰.

The JRC has further developed the Digital Observatory of Protected Areas (DOPA), a biodiversity information system that combines a set of distributed databases and open, interoperable web services to provide a large variety of end users with means to assess, monitor and forecast the state and pressure on Protected Areas (PAs) at the global scale. Developed in collaboration with several international organisations⁷¹, DOPA fosters the prioritisation of PAs according to their biodiversity and the pressures to which they are exposed, and eventually supports decision-making and fund allocation processes. The first of the three planned interfaces, DOPA Explorer, was released in four languages (English, French, Portuguese, and Spanish) in November 2013.

The European Commission's ACE-Water project run by the JRC in support of the AU's New Partnership for Africa's Development (NEPAD) Water Centres of Excellence (CoEs) was successfully completed in 2013. Its main achievements were presented by the CoEs to their governments and to the main African continental actors in the water sector such as the African Ministers' Council on Water (AMCOW), the African Union, the ECOWAS and the SADC during a final workshop held in Dakar in October 2013. The AMCOW mandated the NEPAD Water CoEs to define the Pan African Strategy for capacity building in the water sector.

Following a request from the Democratic Republic of Congo (DRC) to the Commission in October 2013, the JRC, in collaboration with the European Forest Institute, provided technical support for the assessment of deforestation and forest degradation reference levels in the Mai-Ndombe province. The results from JRC's analysis were communicated to the DRC to support the revision of the Emissions Reduction Programme "Mai-Ndombe REDD+".

In 2013, the JRC provided scientific support to the EU Global Climate Change Alliance (GCCA) to enhance, through ranking and priority-setting, the allocation of funds to the developing countries most vulnerable to climate change. The support benefited from advances in the recent international literature on climate change and community-based disaster risk assessment.

Case study highlights of 2013

Forest law excludes illegal loggers

More countries have partnered with the EU through the Forest Law Governance and Trade Action Plan (FLEGT) that aims to exclude illegal timber from the global market and ensure that forests contribute to a country's development. Sixteen countries are now negotiating or implementing FLEGT Voluntary Partnership Agreements. The EU Timber Regulation aims to eliminate illegal timber from the EU market and entered into force on 3 March 2013.

Support was also provided to a results based payment system for Reducing Emissions from Deforestation and Forest Degradation (REDD+) under the UN Framework Convention on Climate Change.

⁷⁰ JRC-IET (2013) *The availability of renewable energies in a changing Africa – assessing climate and non-climate effects*. Available at <http://iet.jrc.ec.europa.eu/remea/availability-renewable-energies-changing-africa>

⁷¹ including the Global Biodiversity Information Facility, the UNEP-World Conservation Monitoring Centre, Birdlife International and the Royal Society for the Protection of Birds

Mitigating climate change

In an effort of keeping global temperature increase below 2°C, the EUR 54.5 million climate change mitigation project portfolio was further expanded with an additional EUR 19.5 million contribution. The provision of significant support to Nationally Appropriate Mitigation Actions (NAMAs), Low-Emission Development Strategies (LEDS) and New Market Mechanisms (NMM) was completed with an 'International Cooperative Initiative' on Fossil Fuel Subsidies and Energy Efficiency (EUR 10 million). Support was also given to mitigation measures in the aviation sector (EUR 6.5 million) and climate benefits from phase out of hydrochlorofluorocarbons (HCFCs).

Global Climate Change Alliance (GCCA) expands initiatives

The GCCA, launched in 2007 to support developing countries in tackling climate change challenges and with a funding envelope close to EUR 300 million, covers 37 countries and eight sub regions across Africa, Asia, Caribbean and Pacific.

The GCCA fosters policy dialogue and exchange of experiences to integrate climate change into national policies and budgets. It also supports interventions on climate change mainstreaming and adaptation, REDD+ (efforts to reduce emissions from deforestation and forest degradation), carbon market and disaster risk reduction. It also helps countries increase their absorptive capacities and receive long-term finance by strengthening planning capacities, PFM and establishing multi-donor funds and nationally-owned trust funds.

Biodiversity hotspots

The Voluntary Scheme for Biodiversity and Ecosystem Services in Territories of European Overseas (BEST) provided EUR four million to 16 projects implemented by NGOs on protected areas, invasive species, ecosystem services, species migration monitoring, policy tools, and capacity building. EUR two million was committed to support the consolidation of the BEST scheme.

EUR 18 million was allocated to the Critical Ecosystem Partnership Fund, a multi-donor scheme for strengthening civil society organisations across 30 biodiversity hotspots worldwide and EUR five million was granted to the Amazon Vision Initiative to support the protected areas network for the eight Amazon basin countries.

Five biodiversity projects from the calls for proposals were completed in 2013, covering ecosystem resilience to climate change, payment for ecosystem services, protected areas and biodiversity conservation at watershed level.

The EU also contributes to the Convention on Biological Diversity (CBD) Strategy for Resource Mobilisation, for example through assessment of funding needs for biodiversity and the integration of biodiversity into national planning by supporting the United Nations Environment Programme on the Economics of Ecosystems and Biodiversity (UNEP-TEEB) National Implementation; the UNDP – Biodiversity Finance Initiative; and World Bank Wealth Accounting and Valuation of Ecosystem Services.

Great Green Wall for the Sahara and Sahel

Nearly EUR seven million was allocated to the Great Green Wall for the Sahara and Sahel Initiative, a flagship programme addressing the causes of land degradation.

The ENRTP also supports FLEUVE (Front Local Environnemental pour une Union Verte) which aims to strengthen the capacity of local authorities in sustainable management of natural resources and climate vulnerability in local planning.

Sustainable Energy

Technical Assistance Facility (TAF) – EUR 80 million

TAF's purpose is to deliver technical assistance at country and regional level and support committed countries to reach the SE4All objectives. Areas of support under TAF include:

- Stocktaking, technical support for development and implementation of national energy sector policies and reforms;
- Capacity building for policy and regulation;
- Technical support in preparation for investment projects;
- Mobilisation of funds and facilitation of partnerships;
- Industrial and technology cooperation, project demonstration.

Two Technical Assistance contracts totalling EUR 37.5 million covering sub-Saharan Africa were launched in late 2013. The TAF services will primarily support priority countries that have energy as a focal sector for cooperation. Likewise, TAF services could assist in the identification and preparation of priority investment programmes and projects to be selected for support under the national or regional energy cooperation programmes. TAF expert services may also support Delegations to better respond to any technical challenges faced in the implementation of the projects co-financed under the Energy Facility Calls for Proposals to optimise their results.

Two million for SE4ALL Coordination

The EU has allocated EUR two million to enable the coordination, dissemination and tracking of the global effort under the SE4ALL initiative over a three year period.

3.1.5. Food security

For the period 2007-13, the EU's support for the improvement of food and nutrition security has been financed by several types of instrument. The implementation of food security policy at national and regional level is supported by geographical instruments, notably the European Development Fund in the ACP countries and the Development Cooperation Instrument in Latin America, Asia and South Africa.

Food security issues at global, continental and regional level are addressed by the Food Security Thematic Programme (FSTP). The programme's efforts go hand in hand with direct bilateral cooperation with partner countries and with the geographical instruments.

With an overall budget of EUR 258 million for 2013, the FSTP has three main priorities: agricultural research, technology transfer and innovation; governance; and support for the poor and vulnerable in fragile situations. Given these priorities, initiatives are undertaken which are designed to help achieve the MDGs, particularly MDG1, and tackle structural causes of national food insecurity.

Agricultural research, technology transfer and innovation

This part of the FSTP focuses on the creation of public goods in the form of knowledge, technologies and capacity. These are made accessible to the rural poor to improve food security and nutrition and reduce poverty. New programmes worth EUR 91 million were designed in 2013. This support complemented ongoing research and innovation programmes but placed particular emphasis on nutrition consistent with the 2013 Communication and Action Plan.

Support was given to two organisations with a global perspective: the Consultative Group on International Agricultural Research (CGIAR) and the Global Forum on Agricultural Research (GFAR), and also to three regional organisations to strengthen African institutional capacity: the Forum for Agricultural Research in Africa (FARA), the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA), and the Centre for Coordination of Agricultural Research and Development for Southern Africa (CCARDESA).

Recent reforms to CGIAR have resulted in 15 major research programmes (CRPs) focusing on poverty reduction, food security, nutrition and natural resource management. EU support was directed at 11 CRPs focusing on agriculture for nutrition and health, climate change, and agriculture and food security, including post-harvest management of roots, tubers and bananas in Uganda.

The African organisations (FARA, ASARECA, CCARDESA) are implementing new medium term operational plans (MTOPs), developed in consultation with their stakeholders, and EU support is structured around multi-year support to these plans.

Support has also been provided to the Platform for African-European Partnership on Agricultural Research for Development (PAEPARD) to pilot an innovative mechanism to fund farmer-led research and development projects.

In 2013 Result Oriented Monitoring (ROM) reviews were conducted on three research projects. Monitoring and evaluation activities focus on identifying activities which improve food security and farmer livelihoods, such as the Agriculture and Nutrition Extension Project (ANEP).

The JRC supports sustainable food security through its modelling and monitoring work of agricultural resources with timely forecasts, early assessments and scientific underpinning. In November 2013 the JRC officially launched its new software for satellite time series analysis for agricultural monitoring (SPIRITS) at the AFRICAGIS 2013 Conference in Addis Ababa.

Further achievements in 2013 were the contribution to the OECD/FAO 2013 Agriculture Outlook through the modelling of agricultural market outcomes⁷² and the launch of the first ever Soil Atlas of Africa, which reveals the diversity of soil across the African continent in a comprehensible and attractive way. Produced in collaboration with the African Union, the FAO, the African Soil Science Society and soil scientists from Africa and Europe, this unique reference document aims at raising awareness at all levels, from politicians to the general public, of the significance of soil to life in Africa.

The JRC also released a report⁷³ in July 2013 analysing the impact of EU and country policy measures in the agri-food sector on selected African economies at farm/ household level, and organised several technical workshops with topics ranging from factors affecting wheat yields and index-based insurance in developing countries, to the effects of higher agricultural productivity growth in Africa⁷⁴ or the policy options to enhance food security in the Southern Mediterranean region.⁷⁵

⁷² OECD-FAO Agricultural Outlook 2013, www.oecd.org/site/oecd-faoagriculturaloutlook

⁷³ JRC-IPTS (2013) Modelling Agri-Food Policy Impact at Farm-households Level in Developing Countries

⁷⁴ JRC-IPTS (2013) African 'green revolution' in Prospects for Agricultural Markets and Income in the EU 2013-2023, DG AGRI Pub.

Regarding the contentious issue of land grabbing, the JRC produced a report⁷⁶ on the recent wave of international Large-Scale Land Transactions (LSLT) to provide an overview of the scale, speed, drivers, key players and main expected consequences in terms of local and global food security.

With regard to data on agriculture and food security in Africa, the JRC, following the Commission's commitments at the G8 Open Data Conference⁷⁷ (and its agreement with the African Development Bank), gave access to its data management tool (DataM) to several African countries, as recommended by the FAO African Commission on Agricultural Statistics (AFCAS)⁷⁸.

Case study

Governance

ANEP – The Agriculture and Nutrition Extension Project

ANEP, financed within the Asia Technology Transfer for Food Security Programme, is implemented by a consortium led by International Development Enterprises, a non-governmental organisation (NGO), and involves three CGIAR research centres. Drawing on the results of CGIAR research, ANEP has introduced smallholders to a range of sustainable agriculture and aquaculture practices and technologies including improved vegetable or more nutritious crop varieties, new seed storage technologies, mechanisation, water pumps, and aquaculture. The project also develops commercial linkages between rural producers and urban consumers, and aims to strengthen farmers' organisations ability to commercialise their products, for example by connecting Nepali seed producers to viable markets in Bangladesh. To date, ANEP has reached 5 000 households in Bangladesh and 4 200 in Nepal forming 450 producer groups.

Seven new programmes were developed in 2013 under the governance component of the FSTP, disbursing more than EUR 71 million. Land issues, information systems, fishery and nutrition were at the core of these programmes.

Following the adoption of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT), and the EU's commitment to the New Alliance for Food Security and Nutrition launched at the G8 summit, a new EUR 33 million programme was launched to strengthen national land governance in 10 African countries (Angola, Burundi, Ethiopia, Ivory Coast, Kenya, Malawi, Niger, Somalia, Swaziland and South Sudan). The projects foster rights based approaches, pro-poor access to land and the respect for customary rights.

As risk and uncertainty are inherent to agriculture and agricultural markets, farmers face various price and yield risks that make their incomes unpredictable. This year the EU provided support to the Platform for Agricultural Risk Management (PARM), which was established in December 2013 to address agricultural risk management.

Two initiatives have been adopted to enhance the contribution of fisheries to food security and economic growth in Africa. They aim to improve the institutional and policy environment for sustainable management and utilisation of fisheries.

⁷⁵ JRC-IPTS (2013) Economic Growth in the Euro-Med Area through Trade Integration: Focus on Agriculture and Food, JRC Scientific and Policy Reports (i) Regional Impact, (ii) North Africa case studies

⁷⁶ JRC-IPTS (2013), An Overview of International Large-Scale Land Transactions in the context of Food Security

⁷⁷ <https://sites.google.com/site/g8opendataconference/home>

⁷⁸ www.fao.org/economic/ess/ess-events/afcas/afcas23/en

The 2012 support provided to the Secretariat of the Scaling Up Nutrition (SUN) movement is producing results. In 2013, some 45 developing countries joined SUN. These countries are home to 80 million of the world's 165 million stunted children.

The poor and vulnerable in fragile situations

The FSTP plays an important role in developing coherence and synergies between emergency and development operations. As a consequence, EU regional initiatives have been funded, namely AGIR (Alliance Globale pour l'Initiative Résilience) in the Sahel and West Africa and SHARE (Supporting Horn of Africa Resilience) in the Horn of Africa. Support has also been provided to farmers and agricultural systems in the Central African Republic, Djibouti, Haiti, Laos, Niger, Sudan and South Sudan.