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

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

{SWD(2014) 258 final}

Global responsibility
Global solidarity
Global values

Helping countries and people most in need

The European Union's (EU) development policy has never been more important or effective. It is succeeding in spreading European values across our fast-changing world, gaining influence and respect for the EU. And, above all, it has been making a decisive contribution to our overriding aim of eradicating extreme poverty once and for all.

In 2013 the EU continued with its political and financial support for development worldwide. It committed a substantial sum, EUR 14.86 billion, to external development assistance. In line with the Agenda for Change¹ – the Commission's blueprint for a high-impact development policy focused on helping countries and people most in need – low-income and least developed countries are the principal beneficiaries of this assistance.

Collectively, then, the EU and its 28 Member States remain the world's largest aid donor. We recognise that we could do more – especially if we are to meet our collective target of providing 0.7% of the EU Gross National Income (GNI) for development by 2015. And we also recognise that development cooperation is about more than money. Our proud record of help for developing countries, supported by over 80% of European citizens², has a uniquely strong poverty focus. But it also involves a commitment to put partner countries in the driving seat and to make aid delivery as effective as possible.

Setting the financial basis for development

In December 2013 the European Parliament approved the financial instruments for the EU's external action³ for 2014-2020. A central element of this package in terms of development is the aim to eliminate global poverty while ensuring that our partner countries are in the driving seat of their own development.

The Multiannual Financial Framework (MFF) translates the EU's political priorities for 2014 to 2020 into financial terms and steers how the agreed amounts will be spent in the field of external action, including development. The EU will focus its work with its external partners on four specific policy priorities: enlargement, neighbourhood, cooperation with strategic partners and development cooperation.

The total amount agreed for the external action financing instruments comes to just over EUR 51.4 billion for the period 2014-2020. A further EUR 30.5 billion will be made available for cooperation with African, Caribbean and Pacific (ACP) countries as well as Overseas Countries and Territories (OCT) through the 11th European Development Fund, which is not part of the EU budget.

¹ COM(2011) 637 final, 13.10.2011

² Special Eurobarometer 405 "EU Development Aid and the Millennium Goals"

http://ec.europa.eu/public_opinion/archives/ebs/ebs_405_en.pdf

³ http://europa.eu/rapid/press-release_MEMO-13-1134_en.htm

The European Parliament will be involved in the setting of priorities for EU external cooperation prior to the programming of the external financial instruments. Improved coordination between the EU and Member States to maximise impact and visibility – notably through joint programming of aid – will also be a key feature.

The EU is also making increased use of innovative funding sources for development, including blending facilities and private sector funds.

Implementing the Agenda for Change

The need to make the best possible use of our external development assistance has seen the European Commission lead a change in development policy; 2013 saw us move further towards achieving our main target of eliminating extreme poverty worldwide within a single generation.

Investing for our future

The world, and in particular the developing world, is changing fast. Global GDP has grown by one-third since 2000, but it is developing countries that have led the way, delivering 70% of the world's growth in the last ten years. The GDP of sub-Saharan African has increased by 84% since 2000. Africa is now the continent with the fastest growth rate and the youngest population.

As a result there is a significant shift in global influence and markets from the developed world to emerging and least developed countries. Fifty years ago emerging and developing economies accounted for just 25% of global GDP. Today that figure is 50% and is likely to exceed 66% within the next decade. This good news shows that development cooperation is more than solidarity: it is also about investing in a better future that benefits everyone.

In 2013 the EU worked to implement the policy recommendations put forward in the Agenda for Change and to take on the development challenges we face, with an emphasis on the world's poorest countries and citizens and on areas where the EU can clearly add value.

Good governance, including respect for human rights, democracy and the rule of law, and support for sustainable and inclusive growth using drivers like sustainable agriculture and sustainable energy, are the two sets of allied policy priorities mutually reinforcing pillars upon which the Agenda for Change is built.

A thorough follow-up of in-country programming was organised during 2013 to ensure that EU action targets a maximum of three focal sectors reflecting these policy priorities. In addition, the Agenda for Change commits us to providing at least 20% of EU external development assistance to support social inclusion and human development, and to closely tracking climate change funding. Plans for joint programming with EU Member States and other donors were taken forward in over 40 countries worldwide and include a number of fragile states.

Inclusive and sustainable growth

Malnutrition is the cause of at least one-third of all child deaths in the developing world and the primary cause of death for 20% of mothers. In 2013 the EU stepped up its efforts to fight

world hunger, food insecurity and malnutrition with a new policy proposal set out in the Commission Communication 'Enhancing Maternal and Child Nutrition in external assistance: an EU policy framework'. This was presented in March at a meeting in Brussels of the Scaling up Nutrition (SUN) Movement: a global platform to address the challenge of malnutrition. The Commission aims to improve the nutrition of mothers and children in order to reduce mortality and diseases, as well as the impediments to growth and development caused by malnutrition. A centrepiece of our policy is a EUR 3.5 billion pledge to help reduce the number of stunted children by seven million by 2025.

Cambodia boosts rice exports

The EU supported SME development in **Cambodia** through a EUR 8.6 million input to a Multi-Donor Trust Fund managed by the International Finance Corporation. 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 for 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.

Around the world some 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 a commitment to the UN's Sustainable Energy for All initiative (SE4ALL), the EU set itself the target of enabling access to sustainable energy for 500 million people by 2030 and allocated funds for the coordination, dissemination and tracking of this global effort over a three-year period.

In 2013, the EU supported energy generation projects throughout the developing world through its facilities to blend development grants with other capital instruments. In Sub-Saharan Africa, EUR 400 million was allocated under the EU-Africa Infrastructure Trust Fund (ITF) leveraging significant investment of at least EUR 4 billion. Initiatives such as the EU's Technical Assistance Facility worth EUR 80 million are 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.

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, 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.

Migration featured prominently in the news during 2013. The Commission Communication 'Maximising the Development Impact of Migration'⁴ provided the basis for the common position of the EU and its Member States presented to the High-level Dialogue on International Migration and Development, organised by the United Nations General Assembly on 3-4 October. The EU position underlines that migration should be recognised as a driver of inclusive economic, social and environmental development and that development strategies recognise migration and mobility as 'enabling factors' for development.

⁴ COM/2013/0292

Good governance

In 2013 the EU made further progress in implementing the EU Action Plan on Human Rights and Democracy⁵. It continued to actively support civil society organisations and specific human rights dialogues were held with over 20 countries. The EU deployed election observation missions to support democracy and democratisation including, for example, in **Kenya, Pakistan, Honduras and Mali**.

Within its Common Security and Defence Policy (CSDP) the EU launched two new missions: the EU Training Mission in **Mali** and the EU Border Assistance 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.

In December 2013, the European Commission and the High Representative for Foreign Affairs and Security Policy adopted a joint Communication 'The EU's Comprehensive Approach to external conflict and crises'⁶ with a view to further increasing its efforts to make its global action more coherent, comprehensive and effective.

Peace and stability

Sustainable development and poverty eradication require peace and security, and the reverse is equally true. The EU remained at the forefront of efforts to promote peace and stability, recognising that the effective use of development aid can be an essential element in building lasting change.

For example, **Mali** was high on the EU's agenda in 2013. In February development aid for the African country was resumed following the swift adoption by the Malian authorities of a transition roadmap to restore democracy and stability. Some EUR 250 million was mobilised to respond to the immediate needs of the Malian people – with a focus on food security, water and sanitation and new proposals to help relaunch the economy.

In May 2013, a major international donor conference 'Together for a new Mali' was organised by the EU and France, and Mali, in Brussels. At the conference a total of EUR 3.25 billion was pledged to support Mali's development priorities: a decisive mobilisation of support and solidarity from the highest levels in the international community.

At an international conference on **Somalia** in Brussels on 16 September, the EU pledged a further EUR 650 million to support the positive momentum in the country and ensure that it stays on the path to stability and peace. The new funds will go to ensure the provision of basic services such as healthcare, clean water and education.

The Somalia New Deal conference marked a milestone in EU-Somalia relations, bringing together the international community and Somalia to endorse the Somali Compact, pledge support to enable its implementation and, above all, commit all parties to this new political process. As the biggest donor to Somalia, the EU has provided some EUR 521 million between 2008 and 2013. Some of the considerable results achieved include getting 40 000 children into school, delivering safe water for half a million people and helping 70 000 people produce livestock.

⁵ https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/131181.pdf

⁶ JOIN(2013) 30 final, 11.12.2013

The EU affirmed its long-term commitment to support **Afghanistan** during transition and the decade of transformation. The mandate of the European Union Police Mission in Afghanistan in support of civilian policing and the rule of law was extended until 31 December 2014. In 2013, the EU committed EUR 196.5 million to support local development and governance, credible and transparent elections, Afghanistan's regional cooperation with its neighbours, the development of agriculture, and the police.

Since the outbreak of new violence in late 2012 in **Central African Republic (CAR)**, the EU has intensified its outreach to partners. In mid-August the European Commission adopted a EUR 10 million stabilisation programme in response to the post-coup crisis under the Instrument of Stability. The intercommunal violence has precipitated a humanitarian crisis in the country and the Commission allocated EUR 39 million in aid. The EU also committed EUR 50 million for the **African-led International Support Mission in the Central African Republic (MISCA or AFISM-CAR)**. Further support to MISCA is foreseen.

A State-building Contract **for Ivory Coast** worth EUR 115 million was a key component of the general EU strategy aimed at stabilising the country, restoring the State's authority and promoting inclusive growth in 2013.

Solidarity and support

Similarly the EU has been the most prominent and visible donor in supporting **Myanmar's** transition to democracy and during 2013 the EU continued to support change. On 5 March a Joint Statement by President Van Rompuy, President Barroso and Myanmar President U Thein Sein was issued during the Myanmar President's visit to Brussels. The statement was an important landmark in EU-Myanmar relations, as it established a vision to build a lasting partnership and work towards plans for democratisation, national reconciliation and economic liberalisation.

The EU Comprehensive Framework for Myanmar sets out the EU's 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 to support peace, democracy, development and trade.

In November 2013, during the first EU-Myanmar Task Force, Commissioner Piebalgs proposed the main sectors for development cooperation with Myanmar for 2014-2020 as rural development, education, governance and support for peace-building.

SWITCH-SMART

In November 2013 Commissioner Piebalgs launched the SWITCH-SMART (SMEs for Environmental, Accountability, Responsibility and Transparency) programme in Myanmar. The project supports sustainable production of garments "made in Myanmar" and will work to increase the international competitiveness of SMEs in this sector. The three-year project is funded with an EU grant of EUR 2 million and aims to reduce poverty through trade and private sector development in Myanmar.

Syria continued to be embroiled in a conflict that also impacts 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 on 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. It also included an additional financial package of EUR 400 million for 2013 to cover priority needs of the affected population in Syria and the region. In 2013 the EU and its Member States remained the largest donors of humanitarian assistance (over EUR 2 billion) for the 9.3 million people affected by the conflict: nearly half of them children. European assistance reaches up to 80% of the affected population.

The EU has actively supported the implementation of the United Nations Security Council resolution on the elimination of chemical weapons in Syria and has provided material support to the UN and the Organisation for the Prohibition of Chemical Weapons (OPCW) mission.

Syrian children in need

Through EU support at least 780 000 children in Syria, Jordan and Lebanon, many in refugee camps or internally displaced, have received school education 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 to help them teach and support the affected children more effectively.

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 dedicated 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 initiative supports education and protection for children displaced by conflict. In November 2013, the EU confirmed its decision to continue the 'Children of Peace Initiative' by announcing additional funds for new projects in 2014.

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

The EU also stepped up efforts to build resilience in crisis prone countries with the finalisation of its 'Action Plan for Resilience in Crisis Prone Countries 2013-2020' in June 2013⁷.

Tropical cyclone Haiyan was one of the strongest ever recorded and hit the **Philippines** on 7 and 8 November 2013. Due to its exceptional strength and size, an estimated 14 to 16 million people were directly affected and the extent of the destruction was extensive. The death toll exceeded 10 000 victims. The cyclone followed a 7.2 magnitude earthquake that hit the Philippines in October and destroyed the homes and livelihoods of around 350 000 people.

⁷ SWD(2013) 227 final, 19.6.2013

The EU reacted quickly with over EUR 43 million allocated for urgent humanitarian needs and to support early recovery and reconstruction efforts. The EU helped to ensure that there was a smooth transition from the immediate crisis management to rebuilding people's lives. Areas for intervention include water and sanitation rehabilitation, power grid repairs, basic health, livelihood support, shelter and repair of infrastructure to ensure it is more resilient to future typhoons or earthquakes.

The EU continued to be fully engaged in efforts to facilitate political and economic transition during 2013. In particular, it was involved in addressing the deepening polarisation in Egypt. EU assistance to **Egypt** was reviewed after violence erupted following the ousting of President Mohammed Morsi. EU external development assistance is now focused on the socioeconomic sector benefiting people most in need and support to civil society.

The European Neighbourhood Policy (ENP) remains the basis for establishing an area of prosperity with the EU's neighbours 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 and, in total, made available around EUR 1.3 billion in new commitments. The EU remains the single most important trading partner for almost all countries in the neighbourhood.

Significant progress was made in the implementation of the Eastern Partnership in 2013. The Eastern Partnership Summit in Vilnius in November was a milestone in the EU's relationship with our nearest eastern neighbours. The negotiations of Association Agreements, including Deep and Comprehensive Free Trade Areas (DCFTA), with the Republic of **Moldova** and **Georgia** were substantively completed and the Agreements initialled.

Relations with **Ukraine** in 2013 were focused on helping the country meet the conditions to allow the signature of an Association Agreement including the Deep and Comprehensive Free Trade Area (AA/DCFTA). The Ukrainian government announced its decision to suspend the signature of the AA/DCFTA at the end of November. However, progress in the course of the year was considerable. Disbursements on budget support programmes, which had been on hold because of concerns relating to public finance management, were finally released reflecting the positive steps taken by the Ukrainian authorities. The EU is committed to support Ukraine's economic and financial stabilisation, notably in supporting civil society and private sector development.

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 increase its support for partner countries who are genuinely implementing deep and sustainable democracy, including respect for human rights, and agreed reform objectives.

MDGs and beyond – A Decent Life for All, Everywhere

2013 turned out to be a key year in shaping the global discussions on a post-2015 framework. The European Union and its Member States continued to play a pivotal role in the discussions on the development framework which will succeed the Millennium Development Goals (MDGs) after 2015. In February 2013 the Commission published its pioneering communication on 'A Decent Life for All'⁸, outlining a proposed EU vision for a post-2015 framework, namely eliminating extreme poverty by 2030 while ensuring a sustainable development for the planet, and put forward a roadmap for achieving this.

⁸ COM(2013) 92 final, 27.2.2013

This vision laid the groundwork for the EU's position on post-2015 and fed into the discussions at the European Parliament. Moreover, in the United Nations context, it was reflected in the report by the UN High-Level Panel, of which Commissioner Piebalgs was a member, and in the outcome document from the Special Event on the MDGs at the UN General Assembly in New York in September. This document, endorsed by all heads of state and government, illustrated the global agreement on the need for a single and unified path towards poverty eradication and sustainable development.

On 23 September the Commission published new results showing the EU's contribution to the global fight against poverty⁹ between 2004 and 2012. They make for impressive reading. The fact is that EU funding has helped reduce global poverty and support the MDGs, improving the lives of millions of people in the process. For example, EU external development aid since 2004 has given access to improved drinking water to more than 70 million people (more than the population of France), 14 million children have been able to attend primary school and more than 46 million people have received help to ensure their food security.

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 in 2010 making available needs-based and performance-based funding, worth EUR 1 billion. Of this EUR 700 million has targeted the most off-track MDGs, such as hunger, maternal health, and child mortality, while EUR 300 million was awarded to countries with a good track record in implementing aid. To date the EU MDG Initiative has funded 70 projects in 46 countries.

Also as part of the MDG efforts and the global fight against poverty, huge progress has been made in the fight against HIV, tuberculosis and malaria. It is estimated that by the end of 2013, grants to more than 140 countries from the Global Fund to fight these three diseases had provided antiretroviral (ARV) treatment for AIDS to more than 6.1 million people, 11.2 million people with new cases of infectious tuberculosis had been detected and treated, and more than 360 million insecticide-treated mosquito nets had been provided to families to prevent malaria. But millions are still at risk of infection. In response, at the end of 2013 the EU announced that it would increase its contributions to the Global Fund to EUR 370 million for the 2014-2016 period.

European Development Days

The post-2015 framework and 'A Decent Life for All' Communication were also the main topic of the 2013 European Development Days (EDDs) in Brussels in November 2013. This annual event continues to bring policymakers, civil society, research organisations and the private sector from developed and developing countries together to discuss the most pressing development issues of the day. The 2013 event was no exception, attracting a record turnout of more than 5 500.

⁹ http://europa.eu/rapid/press-release_IP-13-852_en.htm

EU citizens: helping developing countries helps us too

In a special Eurobarometer survey undertaken for the European Development Days in Brussels on 26 and 27 November 66% of EU citizens agreed that tackling poverty in developing countries should be one of the EU's main priorities. Almost seven out of ten people (69%) believed that helping developing countries is also good for the EU and its citizens.

Looking ahead

In 2014, the EU will further advance the implementation of the Agenda for Change and increase the impact of the EU's development cooperation.

The key principles of the Agenda for Change will continue to inform the programming process for our external action instruments and the European Development Fund. The call in the Agenda for Change for a stronger role for the private sector in achieving inclusive and sustainable growth will be turned into practical proposals in the form of a Commission Communication to be presented in the first half of 2014.

In addition, the Agenda for Change calls for the EU to move to a rights-based approach, so that human rights and governance are taken into account as enabling conditions for progress, development and people's empowerment. Accordingly, the Commission will work to systematically integrate human rights principles and standards and their achievement into the whole development process.

Work in 2014 will continue to aim at increasing the efficiency and effectiveness of development cooperation through improved coordination, coherence of policies and accountability. In this regard, the development of an EU results framework will be finalised, and the EU joint programming process will be moved forward.

The European Union and its Member States will continue to push to achieve all the MDGs before their 2015 target date and pursue the constructive role we have been playing in the global process of shaping a post-2015 framework to take us forward.

All in all, 2015 promises to be a crucial year for development. Recognising this, at the end of 2013 the Parliament and Council were close to a decision on designating 2015 the 'European Year of Development'. This would be an ideal opportunity for the European Union to inform its citizens about the added value of EU development cooperation and to demonstrate the results that the EU has already achieved. It can also highlight the unique ability of the EU to draw on the combined strengths of its Member States, in terms of fighting poverty and championing development, peace and prosperity all across the world and achieving even more in the future.