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**Annual Report 2012 on the European Union's Development and external assistance
policies
and their implementation in 2011**

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**Annual Report 2012 on the European Union's Development and external assistance
policies and their implementation in 2011**

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CHAPTER 1 - DELIVERING ON COMMITMENTS

Introduction

2011 was a particularly challenging year. Political and economic developments, both in European Neighbourhood¹ countries and within the EU, dominated the international agenda. The global economic crisis, which caused widespread market fluctuations and economic instability, continued to send shock waves around the globe, affecting the already poor and vulnerable. Tensions within the Eurozone were a source of deep concern both within Europe and in other countries.

During the Arab Spring, people-led movements demanded greater personal freedoms and voiced aspirations for a better future based on fundamental values as well as social, political and economic reform. 2011 also saw the unfolding of a humanitarian crisis in the Horn of Africa and the birth of a new African state – South Sudan. It was also a year of consolidation of longer-term issues in international politics, such as the continuing rise of the emerging economies and continued concerns about global climate change and regional poverty.

There was some progress made towards reaching the poverty reduction targets of the Millennium Development Goals (MDGs), but key challenges remain, notably tackling severe poverty. Many countries and societies are highly vulnerable to shocks and crises. The rapidly changing global environment, with new global challenges and new donors, requires new approaches both in EU external action and development policy.

In 2011, the EU launched several new strategies. They include: a comprehensive strategy for the Arab Spring, a revised European Neighbourhood Policy, a Strategy for Security and Development in the Sahel and a Strategic Framework for the Horn of Africa. To respond to the Arab Spring, EU priorities were reviewed to focus on governance, employment, and youth. Up to €1 billion of additional funding was pledged (for the period 2011-13, €3.5 billion had already been allocated to the Southern Mediterranean countries). An updated Human Rights and Democracy strategy envisaged a cohesive approach across EU external policies along with a strengthened focus on human rights and support for democracy. New EU Delegations were opened in Libya and South Sudan.

Human rights, democracy and other key elements of good governance were also essential elements of the European Commission's Communications of October 2011 on a revised EU development policy – an “Agenda for Change” and on budget support. The Agenda for Change proposes two new pillars for EU development policy: good governance and

¹ http://ec.europa.eu/europeaid/where/neighbourhood/index_en.htm

sustainable and inclusive growth. It also contains a proposal to bring in differentiation, amounting to resources being targeted to countries most in need of assistance, including situations of fragility, and where they can have the biggest poverty reduction impact. Such differentiation will mean less, or no, development grant aid to more advanced partners, with whom new forms of strategic cooperation will be developed.

Providing more than half of the world's total Official Development Assistance (ODA), the EU and its Member States continued in 2011 to be a leader in development policy and action. The main international development event of the year was the Busan Forum on Aid Effectiveness. A new Partnership for Effective Development Cooperation was adopted² building on the former Paris Declaration and Accra Agenda for Action³. In addition to aid effectiveness, it contains commitments for development effectiveness covering South-South cooperation, involvement of the private sector and funding to counter climate change. The document has been endorsed by a wide community of traditional bilateral and multilateral donors, developing countries, emerging economies, civil society, parliaments and private sector.

The EU pursued its policy of improving Policy Coherence for Development (PCD) throughout 2011.

The European Development Days event (EDD)⁴ – an annual forum debating global issues and development cooperation – held in Warsaw, Poland in December 2011, focussed this time around on the relationship between development and democracy.

Institutional changes and the first year of the EEAS

The Lisbon Treaty put the fight against poverty at the core of the EU's external and development cooperation policies. 2011 was the first year of operation of the European External Action Service (EEAS) under the authority of the High Representative of the Union for Foreign Affairs and Security Policy (HR)/Vice President (VP) of the European Commission, Catherine Ashton. It was an intense and challenging year for building the EU's role in foreign policy and external relations and promoting more effective development cooperation through more joined-up policy making.

Within the Commission, the former Directorate-General for Development and the European Cooperation Office - EuropeAid were merged to form DG Development and Cooperation and a new service for Foreign Policy Instruments (FPI) was created. Under the authority of VP Ashton, the FPI is tasked with implementing the Common Foreign and Security Policy (CFSP) budget, the crisis response and prevention measures financed under the Instrument for Stability (IfS), the electoral Observation Missions under the European Instrument for Democracy and Human Rights and the cooperation with industrialised countries (ICI). It is also responsible for preparing and implementing sanctions proposals.

The Arab Spring was both a foreign policy challenge and a political opportunity. EU institutions brought together their services and instruments. Joint crisis platforms brought together the EEAS and the relevant Commission services in coordinating an immediate response to the crises in Libya and Tunisia.

² <http://www.aideffectiveness.org/busanhlf4/en/topics/busan-partnership.html>

³ http://ec.europa.eu/europeaid/how/ensure-aid-effectiveness/eu-high-level-forum-2011_en.htm

⁴ <http://eudevdays.eu/>

During the year, Commission services and the EEAS also worked hand in hand on a number of issues, ranging from proposals for development policy, notably the Commission Communications on the Agenda for Change and on budget support and the Human Rights and Democracy strategy. They also worked together on preparing the Commission proposals for the next Multi-annual Financial Framework (MFF), drafting of proposals for the new financial instruments and guidelines for multi-annual programming.

The United Nations (UN) General Assembly Resolution in May on the status of the EU also underlines support for the EU to play its international role. The global network of 140 EU Delegations carry out political, diplomatic, development and policy work for the EU and provide support to Member States through such activities as shared reporting. They also offer the future prospect of better division of labour, including joint programming of development assistance. As some national diplomatic services scale back their resources to concentrate on other priorities, the value added of the Delegations is in ensuring that the EU is properly represented throughout the world.

1. EU response to world developments in 2011

Events across the North Africa and the Middle East regions during 2011 – known as the Arab Spring – resulted in a profound transformation of the EU’s relations with its southern neighbours.

The EU was the first to acknowledge that the uprisings and their outcomes must be owned and driven by the people of the countries themselves. It also took immediate steps to respond rapidly and effectively to the challenges of the evolving situation, notably providing substantial humanitarian and civil protection assistance, support to democratic transition and assistance to impoverished areas.

In March 2011, a new EU approach to the southern Neighbourhood was set out. It offered “A Partnership for Democracy and Shared Prosperity” to partners committed to wide-ranging and bold reforms. This led to a new approach for the whole European Neighbourhood Policy. The revised incentive-based policy - known as “more for more” - was drawn up to support partners who were delivering reforms, building “deep democracy” and ensuring sustainable and inclusive economic development.

Significant support was provided by the EU for the holding of elections in Tunisia, Morocco and Egypt. There was political condemnation of the respective situations in Bahrain, Yemen, and especially Syria. In Libya (before the fall of former Leader Muammar Gaddafi) and Syria, the EU decided on economic sanctions, trade embargoes, asset freezes, suspension of new EIB loans and visa bans. In parallel, it expanded its support to civil society in the entire Neighbourhood. It also took the initiative to coordinate and strengthen coherence of the international response to the Arab Spring events.

There were further initiatives taken in the region to respond to the new situation, notably in the area of trade and mobility. A significant amount of new funding was offered by the EU as well as making adjustments to its on-going support to fit with new policy objectives. The EU also took a pro-active role in international coordination efforts, together with the UN, the Arab League and other major actors like Turkey. During the Libyan crisis, HR/VP Ashton

brought together the UN and regional organisations (EU, Arab League, African Union and Organisation of Islamic Cooperation) in the Cairo Group and actively participated in the Libya contact group. This diplomacy led to a convergence of views in the international community on how to respond to the Libyan crisis. An international Task Force, bringing together the EU, third countries and international financial institutions, was created to enhance the coherence of international support to countries in transition in the Southern Mediterranean. Its September 2011 meeting in Tunis, co-chaired by the Tunisian Prime Minister and the HR/VP, resulted in an overall financial support to Tunisia of about €1 billion in 2011 for supporting economic recovery. Coordination, both within the EU and with international partners, is a key role of the new EU Special Representative for the Southern Mediterranean. Task forces with other countries are in preparation.

Events in the southern Mediterranean have also had both short and potentially longer-term impacts on the region's southern neighbours, particularly in the Sahel and neighbouring countries like Chad. Using the IfS, the EU has responded to requests for immediate support to address migration flows and offset the disruption of remittances. The Strategy for Security and Development in the Sahel addresses the longer-term security and development impacts on the region.

The Arab Spring has also brought more urgency to the Middle East Peace Process (MEPP). The voice of the EU in the MEPP became stronger, not least by pushing for a more active role for the Quartet: the UN, United States, EU and Russia.

The High Representative pursued international diplomatic attempts to find a solution to the Iranian nuclear issue based on her United Nations Security Council (UNSC) mandate. The aim has been to convince Iran that it must demonstrate its readiness to engage in a confidence-building process in order to address all existing concerns on its nuclear programme. This followed a resolution of the Board of Governors of the International Atomic Agency (IAEA) expressing the body's deep concern at Iranian activities relating to the development of military nuclear technology. Alongside diplomacy, the EU's approach has been to continuously strengthen existing sanctions. Additional measures affecting the financial, transport and energy sectors were prepared with the aim to have them adopted by the Council in early 2012. At the same time, close attention has been paid to the country's worrying human rights situation.

Turning to Sub-Saharan Africa, 2011 saw the adoption of an EU Strategic Framework for the Horn of Africa. In partnership with the region and key bodies such as the United Nations and the African Union, it aims to bring greater peace, stability, security, prosperity and accountable government to the region. The EU continues to lead multiple common security and defence policy operations in the region. The European Union Naval Force (EUNAVFOR) Somalia ATALANTA operation fights piracy. The EU is also helping to train Somalia's own security forces. Around 1 800 Somali soldiers have been trained by the EU Training Mission (EUTM) in Uganda to join AMISOM, the AU peacekeeping force in Somalia which is largely funded by the EU. The EU is also the largest humanitarian donor in the Horn of Africa, having provided over €700 million in assistance since the beginning of this year. The new EU Special Representative for the Horn of Africa will play an important role in addressing the many complex issues of the region.

In July 2011, High Representative/Vice President Ashton attended the independence ceremony of the new state of South Sudan, born of the 2005 Sudanese Comprehensive Peace

Agreement (CPA). A comprehensive approach to Sudan and South Sudan to underpin the development and peaceful co-existence of two viable, stable and prosperous states has since been followed by the EU. In cooperation with the AU, UN and international partners, the Special Representative for Sudan and South Sudan is at the fore in the EU's efforts to support the resolution of outstanding issues between both states.

At the request of the European Council, the EU is engaging in a process to formulate a more effective EU policy towards its main strategic partners. This has contributed to more focused and substantive Summits and other high-level meetings with these countries, as well as more active co-operation in other areas of mutual concern.

In Asia, support to the accelerating Association of Southeast Asian Nations (ASEAN) integration process continued in the form of capacity building for the ASEAN Secretariat and engaging with the ASEAN Inter-Governmental Commission on Human Rights (AICHR). The transition in Myanmar was monitored very closely, with the EU beginning to deliver a response in the country.

Throughout 2011, the EU continued to take the lead in combating dangerous climate change and pushing for progress in international climate negotiations. It delivered on its commitments to provide fast start finance and stepped up its climate diplomacy activities ahead of the UN climate conference held in Durban, South Africa in November. The Durban Platform for Enhanced Action reflects European proposals for a detailed roadmap with a global comprehensive climate agreement to be negotiated by 2015 and to come into force by 2020 at the latest. Under the new agreement, to replace the current architecture based on the Kyoto Protocol, all countries would take on legally binding commitments to reduce or limit emissions of greenhouse gases with the effect of collectively containing global warming to a maximum of 2°C. Durban also brought into effect other earlier commitments on a Green Climate Fund and the setting up of new bodies and instruments on adaptation and technology transfer. At Durban, the EU's call for such ambitious action was joined by more than 100 countries particularly vulnerable to climate impacts.

2 *Leading the way in development policy*

2.1 A more strategic approach: the Agenda for Change & the reform of budget support

Two major political documents which aim to update EU development policy were published on 13 October 2011, following months of intense consultation with stakeholders. They build on the common understanding of EU development policy defined in the European Consensus on Development⁵. The Communication, "Increasing the impact of EU development policy: an Agenda for Change"⁶, aims to significantly increase the impact and effectiveness of EU development policy, while the second document, "The future approach to EU budget support to third countries"⁷ is to strengthen the use of budget support.

Why revisit European Union development policy?

⁵ OJ C46 of 24.02.2006

⁶ COM(2011) 637 final, 13.10.2011

⁷ COM (2011) 638 final, 13.10.2011

The EU has already done a great deal to help reduce poverty, but a lot remains to be done. Recent changes, both within and outside the EU, mean that there is a new development context. The Arab Spring reaffirmed the importance of democracy and good governance for development to occur, and the need for societies to offer a future to their young people. In addition, some former developing countries have become major international players and are now donors in their own right. The entry into force of the Lisbon Treaty has also brought about institutional changes in Europe. Last but not least, the world still has to cope with economic crisis which is putting donors' respective aid budgets under pressure.

Agenda for change: What's new?

The "Agenda for Change" foresees a two-pillared approach. Through the lessons learnt from recent events in North Africa, human rights, democracy and good governance trends will be given greater weight. The second pillar will stimulate inclusive and sustainable growth to reduce long-term poverty by: promoting decent work, social protection floors, social inclusion and human development; supporting business and regional integration and assisting sustainable agriculture, energy supply and access to energy. EU grant aid will go to countries where it is most needed and can have the most impact. This differentiated approach means that other forms of cooperation will be considered for other countries. The new approach will also favour other issues:

- Donor coordination will be improved and duplication reduced, leading to more focussed EU aid which will be targeted to sectors with a high impact on poverty reduction such as governance, quality employment and social protection, health, energy or agriculture. In future, the EU will allocate resources under individual programmes drawn up with countries to no more than three sectors⁸.
- EU development aid will use more innovative financial tools, for example, the blending of grants and loans and including private sector involvement.
- Better coordination with Member States is foreseen. The Commission is calling for the introduction of joint EU and Member State responses based on partner countries' own strategies. It also foresees the setting up of a common EU results framework.
- Reaffirmation of the crucial role of policy coherence in the interests of development.

The Communication on budget support

Budget support will continue to be an important EU development cooperation instrument in line with the modernisation of development cooperation policy outlined in the "Agenda for Change". It will also be considered as an integral part of the toolbox for pre-accession assistance, among other forms of financing. The EU will provide budget support as a vector for change to address the following development challenges and objectives:

- Promoting human rights and democratic values;

⁸ With the possible exception of candidate countries and potential candidates to EU accession funded by the Instrument for Pre-accession Assistance, for which strategic focus on a limited number of sectors to secure results and impact may have to be combined with *ad-hoc* assistance to other sectors covered by the EU *acquis*, to facilitate implementation of the relevant legislative, institutional and infrastructure measures.

- Improving financial management, macroeconomic stability and the fight against corruption and fraud,
- Promoting good governance and inclusive growth for human development;
- Promoting sector reforms and improving sector service delivery, with particular focus on pro-poor, gender and children's issues;
- State-building in fragile states and addressing development challenges of SIDS and OCTs;
- Improving domestic revenue mobilisation and reducing dependency on aid.

“Good governance and development contracts” (general budget support) will be provided when there is trust and confidence that aid will be spent on pursuing the fundamental values of human rights, democracy and the rule of law. “Sector reform contracts” are also foreseen to promote reforms, support sector policies, and improve service delivery to populations. In post-conflict and fragile situations, the EU will also use, on a case-by-case basis, “state-building contracts” to help partner countries to ensure vital state functions, to deliver basic social services and to promote governance, human rights and democracy.

Existing eligibility criteria and their assessment will be strengthened, as will the EU’s approach to assessing and managing risks. The EU will also put more emphasis on accountability and transparency, with a new eligibility criterion on budget transparency and oversight. The Commission will also look carefully at efforts made to strengthen parliaments and civil society, and will publish relevant information on budget support agreements and performance reviews. There will also be a stronger EU coordinated approach to maximise the impact of support.

The way forward

All future EU action will have to be compatible with this renewed policy framework. It has already been integrated into the Commission's proposals for post-2013 financial instruments, particularly the Development Cooperation Instrument (DCI).

2.2 Making a difference: an increased budget and new instruments

In June, the Commission proposed a new Multiannual Financial Framework (MFF) for the period 2014-2020. The Communication, “A Budget for Europe 2020”⁹, highlighted the areas where the EU could play an important role in an increasingly globalised world. Based on the Europe 2020 strategy and the new institutional architecture of the Lisbon Treaty, it defines broad budgetary orientations, including the future architecture and funding of external action financial instruments. The EU remains committed to pursuing the MDGs and to achieving the target of Official Development Assistance (ODA) of 0.7% of Gross National Income (GNI) by 2015. To help achieve these targets, the Commission suggested stepping up financing for external action within the budget from €56.8 billion to €70 billion and for the European Development Fund (EDF), from currently €23 billion for six years to €30.3 billion for seven years (in 2011 prices).

The objective of the new MFF is to enable the EU to speak with one voice and meet its

⁹ COM(2011) 500 final

development and enlargement objectives: promoting democracy, peace, solidarity, stability and prosperity and poverty reduction – both at global level and in its immediate neighbourhood – and also helps safeguard global public goods.

On 7 December, the Commission adopted a package of proposals for Regulations and Decisions covering nine geographic and thematic external action instruments¹⁰. These new proposals have been designed to increase both the efficiency and impact of external spending. They aim to reduce overlaps and gaps between the instruments, increase their flexibility and responsiveness, reduce the dispersion of activities and promote aid effectiveness.

The proposals revolve around three main axes.

The first is cooperation with beneficiary and partner countries in line with the Treaty-based policy priorities related to:

- **Enlargement**, with the Instrument for Pre-accession Assistance (IPA II) as the financial pillar of the enlargement strategy;
- the **neighbourhood**, with the European Neighbourhood Instrument (ENI) used to support deeper political cooperation, closer economic integration and an effective transition to democracy in the EU's neighbouring countries;
- the promotion of EU and mutual interests worldwide, with a focus on **industrialised countries**, emerging economies and countries where the EU has significant interests will be supported by the new Partnership Instrument;
- development cooperation with the primary objective of **combating poverty**, with the Development and Cooperation Instrument (DCI) and using the European Development Fund (EDF) for cooperation with African, Caribbean and Pacific (ACP) countries.
- the **EU-Greenland Partnership**, which will be strengthened.

The second axis is the promotion of democracy and human rights globally through the European Instrument for Democracy and Human Rights. The proposal would boost it by providing more EU support for the development of thriving civil societies, supporting their specific role as key actors for positive change in support of human rights and democracy.

The third axis is crisis prevention and management through the “Instrument for Stability” where an increase is proposed to respond to current global challenges. The “Instrument for Nuclear Safety Cooperation” will continue to aim to promote high levels of nuclear safety.

Policy changes during 2011 have meant specific improvements in the following ways, among others:

- there will be flexibility in the programming process for faster decision-making in all instruments, particularly in cases of crisis, post-crisis and fragility. For some of the geographic programmes (DCI, ENI), the EU may synchronise its programming cycle to its partners' cycles and replace specific Commission-adopted development strategy papers with other existing strategy documents,

¹⁰ COM(2011) 865 final, COM(2011) 836 final, COM(2011) 837 final, COM(2011) 838 final, COM(2011) 839 final, COM(2011) 840 final, COM(2011) 841 final, COM(2011) 842 final, COM(2011) 843 final, COM(2011) 844 final, COM(2011) 845 final and COM(2011) 846 final

- or adopt simplified programming documents based on jointly agreed objectives with partner countries or through joint programming with EU Member States;
- creation of incentive-based approaches, in particular as a performance reward for progress in reforms along the EU accession path, under the IPA II and under the ENI “more for more” policy to better support democratic transition in the EU’s Neighbourhood;
- a more strategic approach based on the priorities of the enlargement agenda for the Instrument for Pre-Accession Assistance;
- establishment under the DCI of a Pan-African programme enabling the coherent implementation of the Joint Africa-Europe Strategy;
- increased flexibility with a single Global Public Goods programme under the same instrument increasing the EU's capacity to respond to global challenges.

The Commission has also explored ways of making the differentiation of aid between partner countries concrete, allocating a greater proportion of funds where aid can achieve the biggest changes for people. With regard to the DCI, it is proposed that 19 wealthier countries no longer benefit from bilateral development assistance. However, these countries will continue to have access to regional and thematic cooperation.

Innovative tools such as the blending of grants and loans and the inclusion of the private sector are also part of the updated policy. As part of the revision of EIB's external mandate, the Commission is studying ways to optimise the functioning of mechanisms for blending in the external regions.

With this new setup the EU is much better placed to promote and defend its core values and stand by its international commitments to its neighbours, particularly those undergoing transition and on a path to joining the Union, as well as the poorest and most vulnerable globally.

3 Keeping long-term promises

3.1 Progress in achieving the MDGs

Following the 2010 UN MDG Summit, the Commission took a step to reprioritise its activities to increase the impact of its development cooperation on achieving the MDGs. The “Agenda for Change”¹¹ is intended to better assist partner countries in attaining the MDGs. This section gives information on the Commission’s activities in 2011 to help countries achieve MDG targets. More details can be found in Chapter 3.

In late 2011, the first component of the EU's €1 billion MDG initiative, launched at the New York Summit in September 2010, was adopted. It focuses on countries that are most off-track in their MDG targets.

Eradication of extreme poverty and hunger

¹¹ COM(2011) 637 final

Progress towards achieving MDG1 on the eradication of extreme poverty and hunger continues to be hampered by the global economic crisis and deterioration of the labour market, the effects of climate change, price volatility, gender inequality, lack of access to land, poor nutrition and situations of protracted crisis, namely the 2011 famine in the Horn of Africa.

The “Agenda for Change” places quality employment, social protection, sustainable agriculture, food security and nutrition high on the EU's development cooperation agenda. Throughout 2011, the EU continued to work closely on food security and nutrition with a number of actors. For example, on 27 June 2011, a new strategic framework of cooperation was signed in Rome by the Commission, the UN Food and Agriculture Organisation (FAO), the International Fund for Agriculture Development (IFAD) and the World Food Programme (WFP). This will increase the capacity of the four partners to deliver effective, coordinated, timely and sustainable support to food security and nutrition.

By the end of 2011, the €1 billion EU Food Facility had reached its target. In three years, it has funded 134 projects implemented by NGOs and EU Member State agencies, 69 projects by international organisations, three regional projects and ten budget support measures (see chapter 3).

In the light of the global financial and economic crisis, decent employment and social protection are increasingly considered as crucial to the achievement of MDG1. Social protection, employment and decent work are also key themes of the “Agenda for Change” which aims to bring the benefits of growth to more people. Sustainability and inclusiveness in economic development through employment, skills development, social inclusion and social protection, particularly for young people, were chosen as priorities within the support for partnership, reform and inclusive growth programme (SPRING) for Southern Mediterranean countries, approved at the end of 2011.

Education

In line with its 2010 policy for “More and better education for all in developing countries”, the EU supports the overall balanced development of education systems in partner countries, with particular attention paid to equal access to education and improving the quality of education. In the current programming period, the EU's support for education in 48 countries amounts to around €4 billion (see chapter 3).

Gender equality

The EU's thematic programme, “Investing in People”, also funded two major gender equality initiatives during 2011; one on women's social and economic empowerment, and a new UN programme, “Increasing accountability for financing to gender equality”, launched with EU support. Both initiatives aim to contribute to the achievement of MDG3 on gender equality by supporting women's leadership in economic and social spheres and by mobilising resources to implement partner countries' commitments on gender equality (see chapter 3).

Health

The Commission's support to the health sector covers three health-related MDGs and other sectors having an impact on child morbidity and mortality, such as nutrition, water and sanitation.

Steady progress is being made in reducing child deaths. Globally, the mortality rate for children under five has declined by 35%, from 88 deaths per 1 000 live births in 1990 to 57 in 2010. All regions, except Sub-Saharan Africa, Caucasus and Central Asia, Southern Asia and Oceania, have seen reductions of at least 50%. Despite population growth, the number of deaths in children under five worldwide dropped from 12 million in 1990 to 7.6 million in 2010, or 12 000 fewer children dying each day. The rate of decline in under-five mortality rates has also accelerated from 1.9% a year, 1990–2000 to 2.5% a year, 2000–2010.

The EU has contributed to achievement of the health MDGs by improving the overall functioning of health systems of partner countries, of critical importance for the population to access sustainable services¹². It supports projects to eradicate poverty-related diseases and improve health such as the Global Alliance on Vaccines and Immunisation (MDG4) and the Global Fund to fight against HIV/AIDS, Tuberculosis and Malaria (MDG6).

In addition to its ongoing support to the health sector, 11 country proposals were selected in 2011 for additional aid totalling €280.4 million to accelerate the MDGs for child health and maternal health (see chapter 3).

Support to fight HIV/AIDS is mostly channelled through the Global Fund to fight HIV/AIDS, tuberculosis and malaria¹³. The EU has disbursed more than €22 million through this instrument so far. This has been complemented by other specific support - totalling €250 million over the last decade to social organisations at country level to help them run their HIV control activities.

Pandemic preparedness and response - emerging diseases

The EU is the largest contributor (contributing more than 75% of the total of approximately \$125 million) to the multi-donor trust fund Avian and Human Influenza Facility (AHIF), administered by the World Bank. AHIF funds national plans worldwide involving human and animal health services, aiming at preventing and if needed mitigating the effects of serious infectious diseases and pandemics. In 2011, actions financed by AHIF started taking into account the One Health approach, which addresses health risks originating at the interface between humans, animals and their various environments.

Environmental sustainability

The Commission pursued many policies and projects in 2011 to promote environmental issues for the achievement of MDG 7: the Global Climate Change Alliance (GCCA), the EU forest law enforcement, governance and trade (FLEGT) Action Plan and the ACP-EU Water Facility. The GCCA has provided €10 million for 30 Least Developed Countries (LDCs) and Small Island Developing States (SIDs), which are particularly vulnerable to climate change. FLEGT agreements strengthen forest governance in timber producing countries at the same

¹² Communication COM(2010)128, 31.03.2010 and Council Conclusions on the EU role in global health

¹³ <http://www.theglobalfund.org/en/>

time as combatting illegal logging and associated trade. FLEGT also supports work on climate change mitigation and reduced emissions from degradation and deforestation (REDD+).

Energy-generating income in Malawi

The MDGs will not be reached without a steady increase in access to modern energy. The Commission is improving access to modern energy to help achieve the MDGs. Women and children in Msamala, a rural district in Malawi, now collect 30% less firewood thanks to energy-efficient stoves introduced as part of a sustainable energy project. Funded under the ACP-EU Energy Facility, the additional installation of solar photovoltaic systems has increased learning hours for 8860 students. The revenues of 34 business groups have also gone up thanks to the project's spin-off: stove production, bee-keeping and mushroom growing. These activities have in turn increased household investment in livestock and have enabled food to be bought to supplement harvests.

Water projects in pipeline

Thirty-two projects, totalling €3 million, to improve water governance, resource management and sustainable development of water infrastructure in ACP states were selected for funding in 2011. They are funded out of the 10th EDF ACP-EU Water Facility (€12 million), set up to provide water and basic sanitation to the poor and improve water resource management in ACP countries. Access to sanitation in urban and peri-urban areas – one of the most off-track MDG indicators globally – has been targeted in a new set of calls for proposals. The creation of a pool funding mechanism will also provide private sector and loan financing.

The EU supported the newly-founded International Renewable Energy Agency (IRENA) which promotes the use of all forms of renewable energies in developing countries. IRENA notably emphasises the key role played by renewable energies in supporting sustainable growth and alleviating energy poverty whilst reducing green-house gas emissions and enhancing energy security.

Trailblazing renewable energy in the Southern Mediterranean

The three-year EU-funded, “Paving the Way for the Mediterranean Solar Plan” project is promoting the greater use of renewable energy across Southern Mediterranean countries. It has set up a platform for dialogue to explore the possibilities of a harmonised regulatory framework for investments in renewable energy across the nine countries involved. A benchmarking report has been issued for each beneficiary country on the integration of renewable energy into respective electricity systems, along with studies on the infrastructure requirements for the integration of renewable energy in the countries’ electricity systems¹⁴.

For Commission activities in relation to MDG8 on developing a global partnership for development, see Chapter 1 section 4 *more, better and more effective aid*.

3.2 Focussing on poverty

The Lisbon Treaty puts fighting poverty at the core of European external and development policies. The EU has already done much to help reduce poverty and in particular to support the achievements of the MDGs. However, the global economic and financial crisis, exacerbated by the food and energy crisis have seriously challenged progress in poverty reduction. According to the UNDP and the World Bank (WB), it is largely Asia's sustained growth that is putting the world on track to meet the poverty reduction target of halving between 1990 and 2015 the proportion of people whose income is less than \$1 dollar a day. However, only 49 of 87 countries are on track to achieve MDG poverty alleviation targets.

An established positive correlation exists between economic growth, reforms, political stability/good governance, and effective poverty alleviation strategies. Current rapid growth in China, India, Brazil, and other emerging economies has been impressive. Yet, new challenges need to be addressed such as effective social protection for all including the informal sector, ensuring decent working conditions, environmental degradation, climate change, food security and energy efficiency whilst ensuring that economic growth reaches everyone, particularly those most in need.

Looking ahead, the "Agenda for Change" will focus EU support on those partner countries where it can have the greatest poverty reduction impact. Given that the 2015 target for achieving the MDGs is close, developed and developing countries will need to act more quickly to reach the MDGs. The new policy should ensure that the development policy of the EU and its Member States has the greatest possible impact in attaining its objectives. At a time when the credibility of aid is under pressure, demonstrating this increased impact is more important than ever for maintaining political and public support for development assistance.

In 2011, the Fourth United Nations Conference on the Least Developed Countries (LDC IV) took place in Istanbul. The new 10-year Programme of Action reaffirms the global commitment to address the special needs of the LDCs, including the aim of enabling half the number of LDCs to meet the criteria for graduation by 2020. The UN General Assembly decided in December 2011 to establish an *ad hoc* Working Group to study and strengthen the graduation and smooth transition process. The EU will contribute actively to this follow-up work. Other main achievements and deliverables include a strong commitment from donor countries to review their ODA commitments in 2015; and a high-level mid-term Review in 2015 as a follow-up regarding commitments by donor countries and emerging economies.

Progress in reducing poverty

All EU partners 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. Regional needs are significant. Although the Republic of Moldova¹⁵ has been reclassified as a low–middle income country, it remains Europe's poorest country.

Mediterranean countries covered by the ENPI also have to cope with poverty (all of them, apart from Israel, belong to the MIC category). Due to the existence of informal, as well as formal redistributive channels, more budgetary and fiscal discipline is required. The Arab

¹⁵ Hereinafter Moldova

Spring offers an opportunity for the southern Neighbourhood to carry out reforms needed for better governance and inclusive and sustainable growth for progress on poverty reduction.

EU assistance through the ENPI hence focuses on these issues. The most difficult social situation remains that of the occupied Palestinian territory where, despite humanitarian assistance, more than 30 % of the Palestinian population still live in poverty.

Sub-Saharan Africa has managed to cope with the 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. For example, four countries: Cape Verde, Ethiopia, Ghana and Malawi are projected to achieve most of the MDGs, if not by 2015, then soon thereafter. However, serious challenges remain. About half of the population still lives on \$1.25 a day, and development progress is neither reaching those most in need nor vulnerable groups. Weak governance is another challenge.

Recovery from the crisis is firmly on track in Asia and the Pacific with real GDP growth registered. There has been an impressive reduction of absolute poverty in Asia, led by China, India and most countries of Southeast Asia. However, poverty is still widespread in India and other countries: Afghanistan, Bangladesh, Cambodia, Laos, Myanmar/Burma, Nepal, North Korea, Pakistan, Papua New Guinea and Timor–Leste. Economic growth has led to considerable income and regional disparities, including inequalities between rural and urban populations. There is wide variation in levels of development in Southeast Asian MICs. In these areas, EU cooperation through the DCI focuses on capacity building, social infrastructures, energy efficiency, land management, climate change, food security, environmental protection and trade integration, all of which have spill–over effects on poverty alleviation strategies at regional and country level.

Central Asian transition countries saw growth pick up in 2010 after the crisis caused weaker markets for commodity exports and lost remittances from citizens working abroad. But overall, in the region growth rates fell, poverty levels rose and the urban/rural divide widened. To help meet these challenges, EU support focuses on raising living standards, developing the social sector and providing a social safety net. It also seeks to improve the rule of law and public governance.

Progress in economic and social reform during the 1990s and early 2000s ensured prolonged economic growth for Latin America throughout which poverty levels fell significantly. For example, more than 50 million people were lifted out of moderate poverty between 2002 and 2008. However, an average of 40% of the Latin American population still lives in poverty and income inequality remains. Haiti remains the poorest country in the Caribbean and its reconstruction and poverty challenges are being supported through a revised country strategy which includes joint-programming with EU Member States. For Latin America, EU programmes financed out of the DCI support the fight against poverty by promoting social cohesion and backing regional integration. The EU policy dialogue has also been broadened to include economic competitiveness, trade, migration, environment/energy/climate change, governance, and sustainable development. This is particularly the case for Argentina, Brazil, Chile, Mexico and Uruguay, among the upper MICs.

3.3 Strengthening human rights and good governance

In 2011, the EU used its range of external instruments and policies to promote and protect human rights and good governance and to combat gender inequality. The “Agenda for Change” and budget support communications stress human rights, democracy and good

governance as a main focus of EU development cooperation with third countries for the period 2014-2020. Further, the proposals presented in December on the EU financial instruments, including the European Instrument for Democracy and Human Rights strengthen the promotion of democracy and human rights and the stepping up of support to civil society worldwide.

The High Representative and the Commission presented a joint communication to the European Parliament and to the Council on “Human rights and democracy at the heart of EU external action – towards a more effective approach”¹⁶ in December. While reaffirming the EU's position on human rights, it aims to tailor the EU's approach to promoting human rights to local conditions. The vision is of a cohesive approach across EU external policies. The communication sets out how to strengthen EU partnerships when implementing the new approach and puts forward ways to harness the EU's collective weight. The EU also started developing human rights strategies for almost 160 countries worldwide. They are shaped to respond to the particular needs of individual countries to achieve stronger positive impacts on the ground. They establish country-specific priorities and objectives, which can be integrated in all relevant EU external policies such as development, trade or security. In 2011, over 130 strategies were finalised, having taken into account the views of civil society.

The EU is also active in multilateral fora at the UN, the Council of Europe (CoE) and the Organisation for Security and Co-operation in Europe (OSCE) in setting human rights standards and promoting human rights as universal. In the Human Rights Council (HRC), the EU successfully called for special sessions on Libya and Syria to condemn human rights violations and establish oversight to monitor the situation and ensure accountability.

The EU also put Belarus on the HRC's agenda. It ran initiatives such as the resolutions on Democratic People's Republic of Korea (DPRK) and Burma/Myanmar and resolutions on the protection of freedom of religion or belief and children's rights in the UN's General Assembly. Bilaterally, it held over 40 human rights dialogues with third countries which gave the EU many opportunities to address specific human rights concerns. Numerous EU statements also addressed country specific and thematic human rights issues.

Further, the EU deployed ten Election Observation Missions (EOM) and seven election expert missions in 2011. Five EU EOMs accompanied and gave additional credibility to major developments, most notably the regime change in Tunisia, the creation of a new country in South Sudan, the transition from a military to a civilian regime in Niger, and the long-awaited shift to the political opposition in Peru and Zambia. Three EOMs accompanied relatively smooth re-elections of incumbent authorities in Nigeria, Chad and Uganda, while two others were led in challenging electoral contexts in Nicaragua and the Democratic Republic of Congo (DRC).

During 2011, work continued on the implementation of the Council conclusions of November 2009 and December 2010 on democracy support with the confirmation of pilot countries to explore new ways of working. They involve the following countries: Benin, Ghana, Bolivia, Lebanon, Mongolia, Kyrgyzstan, Indonesia, Maldives, and Solomon Islands. Commitments in the May 2011 joint communication issued by the High Representative and the Commission on the Neighbourhood, also further strengthened work in the sphere of good governance and democratisation.

¹⁶ COM(2011) 886 final, 12.12.2011

3.4 Mainstreaming of cross-cutting issues

The EU supports a number of sectors in developing nations in their own right, such as gender or human rights (see previous section). In having an impact a number of other sectors, such assistance helps to achieve wider development goals, including the MDGs.

Gender

2011 was the first year of implementation year of the EU Plan of Action on Gender Equality and Women's Empowerment in Development 2010-2015¹⁷. This aims to strengthen cohesion and coordination and improve the EU's work on gender in external action for more impact on the ground. The plan contains commitments to be implemented by the Commission, the EEAS and the Member States. It foresees an accountability system where actors must report annually to the Council on progress in implementing the indicators for which they are responsible.

In November, the first annual progress report was submitted to the European Council. The report represents the first comprehensive stock-taking exercise of what the EU is doing to mainstream gender equality in development cooperation and in policy/political dialogue in partner countries. It provides a valuable baseline against which to assess future progress, compare trends, and identify good examples and the challenges ahead. The reporting process has also given the opportunity to improve internal communication and strengthen commitments on gender issues between the Commission, EU Delegations, the EEAS and Member States.

The replies registered progress and emerging good practices. It was found that EU Delegations play an active part in gender coordination groups/mechanisms aimed at mainstreaming gender equality in development cooperation. Most Delegations also use thematic local calls for proposals to support gender-related projects, including those aimed at fighting violence and discrimination against women and girls. Cooperation with UN Women has been strengthened, including the preparation of a memorandum of understanding for a strategic partnership with the EU, as well as EU support to a number of UN gender equality programmes. The Commission has increased EU budget allocations for gender by €10 million through the thematic programme, *Investing in People*, and in November 2011 launched a global call for proposals on women's social and economic empowerment. Capacity-building for EU staff on gender equality has continued through online courses, thematic training, and ongoing support to gender focal persons in EU Delegations.

Lessons learned include the need to strengthen the capacity of EU staff to mainstream gender equality and empowerment of women in the different sectors and modalities of EU bilateral cooperation (including budget support programmes). This would lead to a more focused and informed gender policy dialogue with its partners in government and civil society. There is also a need to ensure broader impact and the consolidation of institutional memory on gender issues. For this, capacity building on gender should not represent a self-standing activity, but be integrated into core EU training. To accomplish these goals, in December 2011 the

¹⁷ SEC(2010)265 final, 08.03.2010

http://ec.europa.eu/europeaid/infopoint/publications/europeaid/227a_en.htm

Commission launched a new contract with external gender advisory services which will be responsible for capacity building and technical assistance to EU staff on gender issues.

Environment and Climate Change

In 2011, the Commission and the Member States continued work on a strategy to integrate environment and climate in development cooperation. The aim is to produce an ambitious EU-wide strategy, to be adopted by the European Council in 2012.

The Commission revised parts of the guidelines on the integration of environment and climate change in development cooperation, in particular with regard to climate risk assessments of projects. A study on environmental integration indicators and a review of the Commission's experience with using the strategic environmental assessment tool were completed. The conclusions of these reviews will be incorporated in the Commission's work in 2012.

Staff training and information seminars on mainstreaming environment and climate change continued. A one-day course on 'greening development' was introduced, in recognition of the rising importance of the 'green economy' concept. In the context of the Global Climate Change Alliance (GCCA), the Commission has trained over 200 senior officials. The training targeted ministries of finance, planning and environment in GCCA partner countries in an effort to catalyse mainstreaming, with a strong focus on reflecting climate issues in the budgeting process.

Utilisation of specific 'climate change windows' in investment facilities continued, allowing more informed investments in projects taking due consideration of climate change, facilitating the tracking of these investments and leveraging loans, particularly for renewable energy and energy efficiency projects.

Gearing up to green economy

In the run-up to the Rio+20 conference and through specific projects, the EU has been promoting the emerging international concept of a green economy. This aims to engender improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. At the same time, it seeks to promote sustainable development and create employment. The EU's approach also emphasises private sector-led development and growth with a focus on agriculture and energy. In 2011, the EU supported the green economy by promoting activities geared to smart and inclusive growth in the following ways:

- *SWITCH Asia* targets sustainable production and consumption by introducing life-cycle thinking, eco-design, eco-innovation and product environmental foot print thinking. The project both encourages producers and consumers to switch to greener activities and strengthens environmental policy frameworks and greener governance.

- The *Green Economy and Social and Environmental Entrepreneurship Development in Africa* programme is working with both the private and public sectors to put in place policies to stimulate greener investments and support private entrepreneurs by means of capacity building, networking and provision of tools.

- The *Energy Facility* and the *Environment and Natural Resources Thematic Programme* targets renewable energy and increased energy efficiency.

- Support to climate change mitigation programmes.

- Training sessions on mainstreaming environment and climate change policies.

Anti-corruption

As corruption is a sign of failure of broader governance systems, it should be treated as part of the overall support to democratic governance rather than in isolation. To fight corruption effectively, communication and the flow of information to operational staff, as well as close cooperation with other donors and stake-holders, are all necessary. A set of initiatives is being implemented to develop operational tools and support for field work. The Commission is part of a joint initiative with Transparency International, the UNDP and other stakeholders to make more efficient use of existing corruption assessment and measurement tools, through the development of a web-based gateway.

The Commission is a party to a memorandum of understanding with other donors and the International Organisation of Supreme Audit Institutions to develop capacities of Supreme Audit Institutions in aid recipient countries. Several working relationships with civil society organisations are also in place for supporting citizens in the daily challenges posed by corruption, notably through legal advice and seeking to achieve systemic changes. The Commission also continues to support anti-corruption efforts in third countries through specific interventions in key governance areas. They include: justice, security, democratisation, non-state actors, public sector reform and decentralisation. It also supports the mainstreaming of governance in other areas of cooperation such as health, water, education, transport and infrastructure, so as to ensure that all projects and programmes – at every stage of their development – analyse and address governance challenges.

Culture

No effective aid programme is possible without proper consideration of the cultural dimension. Both the international seminar in Gerona, Spain in May 2010 and the UN MDG Summit of September 2010 stressed the cross-cutting contribution of culture to social and economic development.

Cooperation with partners in different regions, notably with the European Neighbourhood and ACP countries, provides support to the cultural and creative sector in the framework of geographic (such as ENPI, EDF) and thematic (Investing in people) instruments, whose implementation continued in 2011.

In parallel, a roadmap for strengthened cultural cooperation was agreed between the EU and the African Union in May 2011 under the democratic governance and human rights priority. The European Parliament also passed a resolution on 12 May 2011 on the cultural dimensions of the EU's external actions.

2011 saw further developments in the implementation of the Work Plan for culture 2011-2014 as regards the priority of culture in external relations. As part of a more strategic approach and cooperation in this area, the first informal meetings between senior officials from the Ministries of Foreign Affairs and Culture of EU Member States took place. In light of these meetings, the Commission proposed to set up an expert group on culture and external relations in 2012. This group will have a specific focus on cultural relations with China in the framework of EU-China relations, notably the 2012 Euro-China Year of Intercultural Dialogue and the launch of the Third Pillar of the EU-China strategic partnership on people-to-people contacts.

In its capacity as a Party to the UNESCO Convention on the protection and promotion of the diversity of cultural expressions, the Commission set up an expert facility on cultural governance, run by UNESCO for the period 2010-2012 and providing €1 billion, with the aim of strengthening the system of governance for culture in developing countries through technical assistance based on the needs and priorities of the beneficiary countries.

3.5 Cooperation with non-state actors and local authorities

2011 saw the conclusion of the first phase of the Structured Dialogue, a multi-stakeholder consultation lasting almost two years.

Designed to improve mutual knowledge, share lessons learnt and enable a climate of confidence and trust among various stakeholders engaged in EU development cooperation, the initiative was finalised in May 2011. The dialogue aimed to improve the effectiveness of the partnership between the EU, civil society and local authorities, in line with the aid and development effectiveness agenda.

The Structured Dialogue brought together 700 participants from the EU and partner countries (over 60 nations) including members of civil society (development, relief/humanitarian and human rights NGOs, trade unions, grant making and political foundations, cooperatives, and chambers of commerce, youth organizations, etc.) and decentralised local and regional authorities with representatives of EU institutions: the European Parliament, EU Member States and the European Commission (representing both headquarters and EU Delegations). Debates included the promotion of an enabling environment for civil society and local authorities, multi-stakeholder dialogues, partnerships and complementarities between actors, the territorial approach and its articulation at the local level; finally, how ownership and alignment principles relate to Civil Society and Local Authorities. The Structured Dialogue contributed to building consensus and trust by developing a shared vision of the roles and added value of organised civil society and local authorities. The final conference in Budapest, co-hosted by the Hungarian Presidency of the EU and the EU Commissioner for Development, prompted the "Joint Declaration of Budapest", a series of commitments and recommendations addressed to each category of actor (EU, civil society, local authorities and partner countries)¹⁸. All actors adhering to the Declaration of Budapest committed to provide follow up. On its side, the Commission will ensure the continuation of the Structured Dialogue at the national level, and at the highest policy level.

The Structured Dialogue results contributed substantially to the EU common position ahead of the 4th High Level Forum on Aid Effectiveness (Busan 2011). They were also reflected in the new development agenda of the EU (Agenda for Change). A Communication on EU engagement with civil society organisations, to be tabled in 2012, will consolidate these new aspects and reflections. In parallel, new operational guidelines on "how to engage more strategically with civil Society" are currently elaborated for the benefit of EU Delegations in third countries.

Another example of the Commission's commitment to implementing the recommendations of the Structured Dialogue was also seen in the mapping study on regional, continental and

¹⁸ https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/Structured_dialogue

global networks of civil society organisations and local authorities. The study will contribute to the achievement of the Commission's objective to promote and support regular, structured and inclusive multi-stakeholder dialogues. Funding will allow civil society organisations and local authorities, particularly their platforms and representative organisations, to effectively participate in future dialogues.

The Commission has also moved forward with its cooperation with local authorities, defined in a 2008 communication. The second "Assises of decentralised cooperation" took place in March 2011. It permitted representatives of EU local authorities and of developing countries, to conduct a political dialogue on development cooperation with European institutions. The Commission has thus strengthened its strategic relation with local authorities at political level in parallel to continuing its co-financing of projects proposed by these authorities.

2011 was also a fruitful year for the Development Education and Awareness Raising in Europe (DEAR) programme. Following the completion of the DEAR study process in 2010, the Commission started implementing its recommendations, and set DEAR's future priorities. There was stronger emphasis on ensuring complementarity and close cooperation with Member States, particularly on aspects of the programme related to formal education. All Commission-funded development education projects with activities in the formal education sector (inclusion of development education in teacher training, curriculum development, lessons plans, etc.) will complement development education strategies, or orientations in the Member States where the project takes place.

The European dimension of the DEAR programme was also strengthened. Priority was given to projects with wide and co-ordinated European coverage. These priorities were reflected in two separate calls for proposals at the end of the year for non-state actors and local authorities.

Capacity development and capitalisation of results were also an area of renewed focus this year, with the organisation of an innovative workshop for beneficiaries of new grants. The Commission also set the bases for future work on capitalisation and communication of good practice in the field of development education and awareness-raising.

The Commission also stepped up its collaboration with key actors in the field, culminating in the hosting of a GENE (Global Education Network Europe) round table in Brussels – a network of Member States active in global education. The participation of Commissioner Piebalgs in the public hearing on development education, organised by the European Parliament development committee in August, confirmed the Commission's strong involvement in DEAR in Europe.

4 *More, better and more effective aid*

4.1 Aid effectiveness and financing for development

Mobilising more development financing from all available sources is necessary – although not sufficient – to fight poverty and foster development. Founded on the global "Financing for Development" agenda, the EU and its Member States set themselves common quantitative and qualitative targets against which progress can be measured. The Council invited the

Commission to monitor and report progress annually. Part of the agreement was to collectively provide 0.56% of the combined GNI as Official Development Assistance (ODA) by 2010 with a view to spending 0.7% ODA/GNI in 2015.

In 2011, the Commission presented its 9th annual report, 'Enhancing EU Accountability on Financing for Development'¹⁹. It showed that, in general, the EU as a whole has kept up progress in delivering on its various financing for development pledges, although the situation varies greatly between issues and between Member States. On ODA, the EU and its Member States spent a historical high of €3.5 billion for aid, corresponding to 0.44% of the combined GNI²⁰, but fell short of the 2010 intermediate target by around €15 billion. The EU collectively accounted for 58% of net ODA to developing countries in 2010 from all members of the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) and for 65% of the global €26 billion ODA increase from 2004-2010.

In 2011, the EU continued its work on meeting commitments to implement the internationally-agreed aid effectiveness agenda at several levels. At an international level, the EU continued to support and play a key role in the Working Party on Aid Effectiveness hosted by the OECD's DAC, focusing mainly on developing its policies for the 4th High Level Forum on Aid Effectiveness (Busan, 29 November - 1 December 2011) – the key development policy event in 2011. The EU played a leading role in the preparations of the Forum.

In Busan, China, India and Brazil signed up for the first time to a document defining common goals and shared principles of a development partnership. The Busan Forum also set up a new inclusive global governance structure – the Global Partnership for Effective Development Cooperation. It also marked a conceptual shift from aid effectiveness to aid and development effectiveness, meaning a clearer emphasis on results and strengthening the role of aid as a catalyst to achieve development results.

The common EU priorities are largely reflected in the Busan outcome document²¹: a focus on results and accountability, ownership, transparency and reduced fragmentation and on country level implementation while streamlining the global governance structure. The EU will participate in further supporting the establishment and strengthening of partner country-led frameworks for accountability and results. These frameworks are to be tailored to partner country priorities and local contexts.

At the global level, the working arrangements of the Global Partnership, as well as global monitoring and indicators, will be decided upon by June 2012 by the Working Party on Aid Effectiveness. The EU will actively participate in this process to ensure that the working arrangements of the partnership will be light and that the partnership will focus on providing support for country level implementation.

¹⁹ COM(2011) 218 final of 19.04.2011; http://ec.europa.eu/europeaid/how/accountability/eu-annual-accountability-reports/index_en.htm

²⁰ Final ODA outcome figures 2010, published by the OECD DAC in January 2012: http://www.oecd.org/document/9/0,3746,en_2649_34447_1893129_1_1_1_1,00.html

²¹ http://www.aideffectiveness.org/busanhlf4/images/stories/hlf4/OUTCOME_DOCUMENT_FINAL_EN.pdf

At EU level, the Commission continued working with the EU Member States on implementing the Operational Framework on Aid Effectiveness. Division of labour among donors remains the main tool to reduce aid fragmentation and is an essential element of the aid effectiveness agenda.

In order to promote evidence-based policy-making on aid effectiveness, the Commission finalised several studies, for example, on the costs of non-implementation of the aid effectiveness agenda²². The main message from the study is that the EU and Member States could together save up to € billion per year. Measures to reach this would include streamlining project planning and implementation, more division of labour with a focus on fewer countries and sectors, further untying of aid, progress towards more budget support, reducing the volatility of aid, and indirect effects on partner countries' economic growth. Another important study of 2011 on joint multi-annual programming²³ outlines the possibilities and constraints for joint programming in a number of partner countries, starting with the countries of the EU Fast Track Initiative on Division of Labour. The study clearly highlights the need for the EU and Member States to synchronise their programming cycles with the strategy cycles of their partner countries.

Fostering joint programming of EU and Member States' aid, a commitment repeated in a series of Council conclusions since 2006, was a priority area of work in 2011. The Commission proposals on the financial instruments for external action in view of the future EU Multi-annual Financial Framework (2014-2020)²⁴ take due account of aid effectiveness principles and will result, if accepted, in considerable changes to the programming of EU aid.

In line with the importance the EU attaches to the ownership of partner countries over their own national development, the Commission would synchronise its programming cycles with those of its partner countries. Wherever possible, the Commission would base its programming of aid on a partner country's own national strategy without formulating an EU strategy paper. The Commission would programme its aid jointly with others, foremost with EU Member States, wherever this option emerges from an in-country coordination process. Its ambition is to have all EU Member States, which are active in a given partner country, on board when conducting joint programming. In 2011, the Commission identified 10 partner countries where circumstances are most conducive to commence with joint programming in 2012.

Transparency of aid is a priority for the European Commission. In 2011, it started to publish its aid information through the International Aid Transparency Initiative (IATI). Implementing the IATI standard will fulfil the transparency requirements of the EU Transparency Guarantee, adopted by the Council in 2011. Progress in developing the TR-AID (Transparent Aid) tool will further enhance transparency, increase accountability, help reduce fragmentation of EU-managed aid, facilitate division of labour amongst donors as well as reduce the risk of duplication.

At Commission level, since mid-2011 a single dedicated unit deals with all issues related to aid effectiveness, increasing effectiveness in this area, including training courses on aid

²² http://ec.europa.eu/europeaid/how/ensure-aid-effectiveness/impact-inefficiencies_en.htm

²³ http://ec.europa.eu/europeaid/how/ensure-aid-effectiveness/documents/report-joint-multi-annual-programming_en.pdf

²⁴ http://ec.europa.eu/europeaid/how/finance/mff/eu-budget_en.htm

effectiveness the Commission services and the EEAS. With regard to the indicators of progress stated in the Paris Declaration, the 2011 monitoring showed that the Commission has achieved some but not all targets. Its performance was average in comparison with Member States and other donors.

4.2 Coherence between development and other policies

The EU is a major global actor and its various policies can have a strong impact on developing countries. The Lisbon Treaty requires the EU to take into account the development objectives in all its policies. The EU work programme on policy coherence for development, 2010–2013, provides guidelines for promoting this policy coherence for development across EU policies. It covers five main areas:

- trade and finance – to enhance the opportunities of developing countries to obtain maximum benefit from their integration into the world economy,
- food security – to help developing countries mobilise their own resources, particularly in sustainable fishing and agriculture,
- climate change – to assist developing countries in adapting to climate change and reduce CO₂ emissions while preserving an environmental balance and biodiversity,
- migration – to bring about better coordination between migration and development by reducing the risk of “brain drain”, making migrants’ remittances cheaper and safer, and by facilitating circular migration,
- security – to consider the links between security and socio-economic development when planning and implementing security operations.

In 2011, the European Commission published its third biennial ‘whole-of-the-EU’ report on policy coherence for development. Building on contributions from Commission services and EU Member States it focuses on actions, processes and thematic priorities pursued by the EU and the Member States since 2009. It covers the five focus areas at EU and Member States’ levels, looks at lessons learned and the challenges ahead. The three main ones are: to move beyond the ‘do no harm approach’ and seek better integration of the development dimension in the design of other EU and national policies. The second challenge is to strengthen the EU’s cooperation and networking capacity on policy coherence for development with Commission participation in the OECD international platform on policy coherence launched in 2011 seen as an important step in this regard. The third challenge is to enhance and monitor policy coherence and increase data collection capacity in both Member States and the EU. There are several examples of how the EU took development objectives into account in various policy initiatives in 2011.

Most progress on policy coherence for development occurred in the sphere of EU climate policy, with the EU moving ahead with its commitment to mobilise fast start finance of €7.2 billion during 2010-2012 to support climate mitigation and adaptation in developing countries.

In the area of trade, the EU made substantial progress to introduce comprehensive country-by-country reporting (CBCR) – a key tool to improve transparency, multi-national companies’ corporate accountability and to tackle tax avoidance in developing countries. The last

Commission communication on Corporate Social Responsibility (CSR)²⁵ renews the EU's commitment to promote CSR in developing countries, in favour of long term employment perspectives and consumer trust.

In the area of food security, the Commission's 2011 proposals for the reforms of the Common Fisheries Policy (CFP) and of the Common Agricultural Policy (CAP) gave an opportunity to study and take into account the potential interactions of these policies with development objectives. In particular, the external dimension of the reformed CFP sets the ambition of greater coordination and policy coherence between fisheries and development policies to ensure that the recognition of the aspirations of developing States to build up their fisheries sector is linked to raising awareness of their duties of sustainable fisheries governance²⁶.

Important steps forward are the ambitious EU 2020 Biodiversity Strategy to protect biodiversity as a key factor to achieve food security (focussing on more sustainable agriculture and forestry and better management of fish stocks) as well as the emphasis on biodiversity protection in CAP and CFP reforms.

The mobility partnerships proposed in the Commission communication on a 'Global Approach to Migration and Mobility'²⁷ are a good example for the search of synergies and mutual benefits for the EU and developing countries. They are increasingly recognised as a central instrument to provide important advantages for migrants and the countries involved. The EU pays also more attention to the concept of the 'brain drain', is more open to effective dialogue and cooperation with diaspora groups and migrant communities, promotes more efficient and secure flows of remittances and defends a common EU approach to migrants' rights.

The Renewable Energy Directive requires all EU Member States to apply a common sustainability scheme, ensuring that all biofuels counted towards EU targets – whether of EU origin or imported – have been produced in compliance with EU sustainability criteria. In June 2010, the European Commission adopted guidance for the EU sustainability criteria to encourage industry, governments and NGOs to set up certification schemes for all types of biofuels, including those imported into the EU. Such voluntary schemes may also cover other sustainability issues that are not covered by the EU sustainability criteria. These schemes may also have a wider impact, potentially enhancing sustainable production of agricultural raw materials as a side-effect. The Directive also includes comprehensive monitoring and reporting requirements on the impacts of the EU promotion of biofuels. The first reporting will take place in 2012 and a study setting the 2008 baseline for this has been finalised.

Also on energy, the Commission's communication on security of energy supply and international cooperation – “The EU Energy Policy: Engaging with Partners beyond Outer Borders”²⁸ – highlights the EU's commitment to improve access to sustainable energy for developing countries by fully incorporating energy in the EU's development activities, while promoting comprehensive energy policies, reform measures, favourable investment conditions, infrastructure development and energy efficiency in countries concerned.

²⁵ http://ec.europa.eu/enterprise/newsroom/af/getdocument.cfm?doc_id=7010

²⁶ COM (2011) 424 final of 13 July 2011

²⁷ http://ec.europa.eu/home-affairs/news/intro/docs/1_EN_ACT_part1_v9.pdf

²⁸ COM(2011) 539 final, 07.09.2011

The EU continues to support cooperation between researchers in Europe and developing countries. Since the start of the seventh framework programme (FP7) in 2007 €378 million has been granted to researchers in developing countries to participate in collaborative projects with European researchers. The forthcoming Horizon 2020 programme will continue to promote international cooperation. Funding will be more focussed on promoting competitiveness and targeting societal challenges such as health, food security, sustainable agriculture, renewable energy and climate change and on support to external European policies.

4.3 Cooperation with the international donor community

OECD

Close cooperation with the OECD on development issues continued in 2011 at all levels. In 2011, the Commission helped draw up a framework for an OECD Strategy on Development and worked very closely with the OECD to promote the aid effectiveness agenda and improve policy coherence for development.

During 2011, the DAC reviewed EU development cooperation policies and programmes in the framework of the peer review exercise, to be finalised in March 2012. Following the positive peer review of 2007, this exercise will assess the EU's development policies and aid delivery over the past five years.

United States

The EU-US Dialogue continued throughout 2011 in all its clusters: food security, climate change, and health (under the MDGs cluster). Overall, progress was mixed: results were visible at the policy level leading, inter alia, to streamlined EU-US positions ahead of the Busan High Level Forum on Aid Effectiveness.

In the field, efforts for joint EU-US activities continued in the six pilot countries on food security (Ethiopia, Zambia, Mali, Guatemala, Bangladesh, Nigeria – for the economic community of West African states, ECOWAS), as well as in the three pilots on climate change (Indonesia, Mali, Vietnam). Cooperation on food security in Ethiopia is the most successful pilot so far. In 2012, both sides have agreed to intensify their efforts in the rest of the pilot countries in an attempt to ensure progress on an equal footing with the policy dialogue at headquarters' level.

The 2011 EU-US Summit tasked the dialogue "to pursue with vigour our joint efforts in areas such as food security, climate change, health and the MDGs". A new element in 2011 was the "Leaders' agreement "on the importance of close co-operation on security and development in the Sahel, the Horn of Africa and Afghanistan". The Commission, in consultation with the Member States, will ensure the Leaders' mandate is followed up during 2012 and aims to shift the centre of gravity of this dialogue from the field to policy work and to further align EU and US development policy priorities.

Brazil

The EU and Brazil attach high importance to the role of triangular cooperation. During 2011, there was progress in the joint pilot projects on bio-energy in Mozambique and Kenya, as well as on electoral processes in Portuguese-speaking African countries (PALOP). Work on the electoral processes shows great potential and the Commission is exploring ways to build on

this. This provides a good opportunity to move ahead with the implementation of triangular cooperation, as mentioned in the Letter of Intent on electoral processes signed by Brazil and the EU in July 2010.

China

The E continued to play an active part in the China DAC Study Group (CDSG), which brings together DAC, Chinese and African development officials and academics. In 2011, the CDSG completed its first round of four thematic conferences (including one on infrastructure funded by the EU in 2010) and one summary conference, and presented documentation on lessons for African development from Chinese and DAC experience. A side-event was held in Busan and a programme developed for 2012-13, including a move to engage Chinese development policy makers more closely, all of which contributed to Chinese openness to an inclusive result.

5 Outlook 2012

The recently adopted new framework for EU development policy heralds a new start and a promising future. The two communications on development policy (the "Agenda for Change" and budget support) outlined how EU development policy will look in the future with a more modern policy, better equipped to face the challenges of what is a rapidly changing global environment. In particular, the "Agenda for Change" aims to increase the impact of aid by introducing an EU differentiated approach towards partner countries and allocating more funds to countries most in needs, and to focus development cooperation in support of poverty reduction, human rights, democracy, good governance and inclusive and sustainable growth.

The Commission will work in 2012 on the preparation of the 2014-2020 programming cycle. The legislative work on the adoption of the EU's external action instruments by the Parliament and the Council will continue during the course of 2012. 2012 will be also a key year for the preparation of the Strategy Papers and programming documents, in order to define funding priorities with partner countries for 2014-2020. The new programming cycle will also see an increased roll-out of innovative financial instruments (such as loans, guarantees, and equity and risk-sharing instruments) aimed at catalysing private investment and strengthening institutions in recipient countries.

The objectives of this new policy framework will also have a significant impact on staff allocation. Delivering the new policies rapidly and efficiently will mean allocating resources appropriately, in terms of numbers and profiles alike, both at headquarters and in Delegations. This process shall also start in 2012.

Through drawing lessons from the Arab Spring, the Commission will monitor the implementation of initiatives already developed in the southern Neighbourhood region with a view to their possible replication in, or adaptation for other parts of the world. In addition, the Commission will issue a communication on supporting sustainable change in societies in transition in 2012. It will assess the existing policies and implementation methodology in order to identify how the EU can improve its tools to support sustainable change in transition societies, adapted to and taking account of their situations and needs.

The vulnerability of low-income countries to external shocks remains high. In 2012, the Commission will therefore examine the feasibility of developing a proposal for a shock-absorbing mechanism to be implemented as necessary during 2012-13, prioritising rapid and effective disbursement.

Achievement of the MDGs will remain a key issue. Looking ahead, the next UN MDG Review in 2013 – two years ahead of the MDG 2015 target year – will be an important milestone. In 2012, the Commission will therefore start preparing a communication to report on EU action on the MDGs and outline principles for an EU position on a post-2015 framework.

CHAPTER 2 - IMPLEMENTATION: GEOGRAPHIC OVERVIEW

This chapter presents the EU's external assistance in the main geographic regions. The geographic instruments covered here are the European Neighbourhood and Partnership Instrument (ENPI), the European Development Fund (EDF) and the Development Cooperation Instrument (DCI). The European Development Fund is the main source of financing for EU assistance to Sub-Saharan Africa (except South Africa), the Caribbean and the Pacific regions (ACP). The EDF is separate from the EU budget, which finances external assistance to other geographic areas and the thematic aid programmes.

This report does not cover the Common Foreign and Security Policy (CFSP)²⁹ or the current Instrument for Pre-Accession Assistance (IPA), which is covered by a separate report³⁰. A short section of this report is dedicated to humanitarian assistance³¹.

While some figures and data can be found throughout this chapter, detailed financial information can be found in Chapter 5, Financial Annex.

1 European Neighbourhood and the Middle East

1.1 European Neighbourhood & Russia

1.1.1 Introduction

A new European Neighbourhood Policy

The EU's evolving relationship with its partners in the Neighbourhood and the transition in the Southern Mediterranean called for a new policy response, set out following a Strategic review of the European Neighbourhood Policy (ENP). The 25 May 2011 Joint Communication of the Commission and High Representative on "A new response to a changing Neighbourhood" outlines the new ENP vision and builds on the Joint

²⁹ For more information on CFSP: http://www.eeas.europa.eu/cfsp/index_en.htm

³⁰ For more information on the IPA: http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/instrument-pre-accession_en.htm

³¹ For more information on humanitarian assistance: http://ec.europa.eu/echo/index_en.htm

Communication, “A Partnership for Democracy and shared Prosperity with the Southern Mediterranean”, adopted on 8 March 2011.

Mutual accountability and a shared commitment to the universal values of human rights, democracy and the rule of law are at the core of the renewed ENP. In line with the “more for more” principle, it involves a high level of differentiation and gives each partner country scope to develop its relationship with the EU according to its own aspirations, needs and capacities. Closer economic integration and stronger political co-operation on governance reforms, security, conflict-resolution matters, including joint initiatives in international fora on issues of common interest with the neighbours committed to follow the path of an enhanced partnership, are all part of this.

Above all, it seeks to support 'deep democracy' and form partnerships with societies: intensifying political and security cooperation, supporting their sustainable economic and social development, creating growth and jobs; strengthening trade ties, enhancing sector cooperation, promoting further mobility and enhancing regional partnerships. Launched in September 2011, the new civil society facility, with an initial budget of €26.4 million, aims at strengthening the capacity of civil society to promote reform and increase public accountability in the Neighbourhood.

An additional €6 million was allocated to the Erasmus Mundus Programme to boost co-operation in higher education. Preparations of other initiatives, notably the European Endowment for Democracy, are continuing.

The new policy approach aims to provide substantial funding earmarked for the Neighbourhood for 2011-2013. It is enshrined in the proposal for the new European Neighbourhood Instrument (ENI) adopted by the Commission on 7 December 2011 - part of its overall proposal on the Multi-annual Financial Framework (MFF) 2014-2020.

The Southern Neighbourhood and the Arab Spring

Immediate steps were taken by the EU to respond rapidly and effectively to the challenges arising from the Arab Spring. Initial humanitarian and civil protection support (to date €80.5 million) was approved, as well as of a range of measures for democratic transition and assistance to impoverished areas.

In March 2011, a new approach to the southern Neighbourhood was set out. "A Partnership for Democracy and Shared Prosperity"³² was offered to those partners committed to wide and bold reforms. A strategic review of the ENP led to a revised approach for the whole European Neighbourhood Policy³³. An incentive-based approach was devised (“more for more” principle) to support partners who deliver on reforms, build “deep democracy” and ensure sustainable and inclusive economic development.

In 2011, the EU provided significant support for elections in Tunisia, Morocco and Egypt. There was political condemnation of the political situations in Bahrain, Yemen, and especially Syria. A set of measures: economic sanctions, trade embargoes, asset freezes and visa bans

³² Joint Communication COM (2011) 0200, 08.03.2011

³³ Joint Communication COM (2011)0303, 25.05.2011

were applied in Libya (before the fall of former Leader Muammar Gaddafi) and Syria. In parallel, across the entire Neighbourhood, the EU expanded its support to civil society. In May 2011, HR/VP Ashton visited Benghazi to open the EU's first office in Libya. An EU office opened in Tripoli in September which two months later was upgraded to a fully-fledged EU Delegation. A range of short-term support has backed the transition in Libya. The EU is currently the lead donor in the country's post-conflict needs assessment in a number of key sectors. The EU was also one of the first donors to suspend its bilateral co-operation with the Syrian regime. Not all support has stopped however; several projects are still ongoing to support non-state actors, Syrian civil society and refugee populations.

The EU also took the initiative to co-ordinate and strengthen the coherence of international response to events of the Arab Spring, with the establishment of a task force and appointment of an EU Special Representative (EUSR) to co-ordinate task force activities throughout the Neighbourhood South region. Further initiatives followed. In December 2011 the Council approved mandates for negotiating Deep and Comprehensive Free Trade Agreements (DCFTA) with Egypt, Tunisia, Morocco and Jordan. A dialogue on migration, mobility and security was officially launched with Tunisia and Morocco in October 2011, with a view to concluding, *inter alia*, mobility partnerships.

The EU also increased its financial support, in addition to adjusting its ongoing support to meet new policy objectives. This included support to the SPRING initiative (Support for Partnership, Reform and Inclusive Growth) launched in September 2011. It made available an additional €350 million for 2011 and 2012 for southern partners showing commitment to, and progress in, democratic reforms.

An additional budget allocated to the Erasmus Mundus programme allowed the funding of an additional 743 mobility grants for the academic exchange of students and staff for the 2011/12 academic year, thus strengthening academic cooperation between universities from the EU and the South Mediterranean region.

The Eastern Neighbourhood

In 2011, the EU continued to focus on its eastern partners who view it as a magnet and a catalyst for reform; as an economic opportunity and a close political partner.

At the second Eastern Partnership summit in Warsaw on 29-30 September 2011, the EU and its eastern neighbours renewed their commitment to these objectives and continued implementation of the Eastern Partnership. An allocation of additional resources (of up to €130 million) for 2012-2013 will benefit partners who are committed to reforms.

Repeated calls were made by the EU over the course of the year for all political prisoners in Belarus to be released and rehabilitated and for the opening of political dialogue with the opposition. In response to the violent aftermath of the December 2010 elections in Belarus, the EU pledged more than €17 million in immediate and medium-term assistance to the Belarusian people – mainly for NGOs and non-state actors – to promote freedom of assembly and the monitoring of election processes. It also imposed restrictive measures on the authors of the repression.

The EU-Ukraine Summit in December 2011 noted common understanding on the full text of the association agreement (AA), including the Deep and Comprehensive Free Trade Area (DCFTA), opening the way for its final consolidation and subsequent initialling. Ukraine's

performance, notably in relation to respect for common values and the rule of law, will be of crucial importance for the speed of its political association and economic integration with the EU, including in the context of the conclusion of the Association Agreement and its subsequent implementation.

Negotiations on Association Agreements with the Republic of Moldova, Armenia, Azerbaijan and Georgia made good progress throughout 2011. The launch of negotiations on a DCFTA with the Republic of Moldova and Georgia was announced at the end of 2011. The EU and its eastern partners also worked closely on increased mobility arrangements. A Mobility Partnership between the EU and Armenia was signed in October, with it thus becoming the third country in the region with whom such a Partnership has been concluded (after Moldova and Georgia).

Russia

In 2011, EU-Russia relations developed further, with significant progress in several areas, notwithstanding protracted conflicts in the Neighbourhood and new differences emerging over the crises in Libya and Syria. The EU-Russia Summit on 14-15 December 2011 in Brussels produced a number of important results, in particular relating to World Trade Organisation (WTO) accession, solutions to aviation issues, visas, and modernisation.

Following close dialogue between High Representative/Vice President Ashton and Foreign Minister Lavrov on Syria, Russia finally accepted to discuss a UN Security Council resolution on Syria. The formal re-launch of the 5+2 process on Transnistria on 1 December in Vilnius, after a break of five years, is an encouraging step.

Russia's recent WTO accession is a basis on which to reinvigorate negotiations on the new EU-Russia Agreement. Significant progress has been made on mobility and visa issues.

The partnership for modernisation is now being fully implemented. This is a pragmatic framework which provides additional momentum to EU cooperation with Russia. Twenty-three EU Member States have concluded bilateral modernisation partnerships with Russia, reinforcing and underpinning the EU-Russia partnership.

1.1.2 Aid effectiveness and donor coordination

Throughout 2011, the EU has been playing a key and instrumental role in donor coordination in many partner countries in the eastern and southern Neighbourhood.

With the support of Member States and other co-operation partners, the EU Delegation in Azerbaijan has taken a lead in donor coordination since end of 2009. The EU Delegation in Belarus organised regular co-ordination meetings with EU Member States and all major donors active in Belarus (UNDP, WB, Swedish International Development Cooperation agency (SIDA), the European Bank for Reconstruction and Development (EBRD) etc.) to synchronise actions and avoid any overlapping. This co-ordination was organised in compliance with the principles of the Paris Declaration and aimed to ensure maximum aid effectiveness.

2011 was a milestone in setting up the donor coordination system in Georgia, including the government of Georgia's signing of the Paris Declaration on Aid Effectiveness in April 2011.

A fruitful dialogue is ongoing in key sectors, such as: justice, agriculture, health and trade. The coordination is multi-lateral and the EU is strongly encouraging dialogue between the Government of Georgia, EU Member States, international organisations, non-EU donors and civil society. The overall donor coordination architecture counts 13 working groups at national level, in the framework of which key strategies were drawn up jointly with the government.

Sweden and Romania were the two biggest bilateral EU donors in Moldova in the areas of energy, trade, public administration etc. A joint project was also implemented with Austria in the water sector. Due to the absence of operational government/donor co-ordination structures in Ukraine, international donor organisations co-ordinated their activities through the major donor forum and other mechanisms at their own initiative.

Few southern neighbourhood countries participated in the 2011 OECD DAC survey of the Paris Declaration. According to this survey, Jordan has fully met four of nine indicators, specifically in the areas of ownership, alignment and mutual accountability. There has also been progress in the use of country systems. In Morocco, there is progress on indicators relating to ownership, alignment, harmonisation and accountability for results and in the use of national Public Finance Management (PFM) systems.

Egypt has made progress in meeting many of the Paris Declaration targets including those for ownership and management for results; progress was also made on alignment. Future efforts should be focused on harmonisation and mutual accountability.

In the occupied Palestinian territory, results showed that ownership and alignment were very strong. As for the indicators on management for results and harmonisation, further efforts are required by donors to increase coordination and provide data.

To further deepen commitments and strengthen development effectiveness, the EU will promote and support specific initiatives. It has been proposed that Tunisia take part in joint programming from 2012 in order to reduce aid fragmentation and promote harmonisation. Further assessments will be carried out to confirm whether this exercise can go ahead. A proposal has also been made to implement joint programming (Commission/Member States) during 2012 both in Ukraine and Moldova, but not yet decided.

1.1.3 Working towards the MDGs

In 2011, several ENPI programmes in the social sector were specifically designed to meet MDG objectives.

“Empowering young women” and “Entrepreneurship as a tool for raising the role of women in the society” are examples of initiatives in Armenia that contributed to gender equality and empowering women (MDG3). The first programme aimed at helping young women with vulnerable backgrounds by promoting their active involvement in society. The second was targeted at helping women become involved in business.

Armenia also actively participated in regional environmental projects aimed at environmental sustainability (MDG7). The Regional Environmental Centre–Caucasus (REC-Caucasus) is currently implementing five projects relevant to Armenia on: climate change, the training of environmental inspectors, waste management, forest policy and sustainable land management.

In Georgia, more than €25 million were granted to assist internally displaced people and communities affected by conflicts (MDG1). All programmes relating to the Public Finance Management reform and technical assistance to trade (including twinning and comprehensive institutional building) contributed to MDG8 (global partnership for development).

The health budget support programme in Moldova contributed towards both MDG-5 (maternal health improvement) and MDG6 (combating HIV/AIDS, malaria and other diseases) by providing financial support to the country's health care reforms, strengthening the primary health care system and improving prevention of diseases such as HIV/AIDS, epidemics, etc.

Southern neighbours took significant steps to improve the health, education, and standard of living of its people. They face a number of challenges, however, including high youth unemployment, persistent gender and social and economic disparities.

Six of the southern Neighbourhood countries are likely to attain universal primary education (MDG2) by 2015. School enrolment and completion rates have reached levels of over 90% in Algeria, Egypt, Jordan, Lebanon, the occupied Palestinian territory and Tunisia. Morocco has also achieved considerable progress in enrolment terms. The Commission contribution to this process continued in 2011, with the approval of programmes to support the education sector in Jordan (€23 million) and to improve the quality and inclusiveness of education in Libya (€2.4 million).

Countries of the Middle East and North Africa have made progress in improving the educational chances of girls, on the path to meeting MDG3 on gender equality and empowering women. The region will remain far from any real gender equality however, if countries do not undertake substantial efforts to improve the economic, political, and legal situation of women. The Commission is supporting countries committed to such goals. In 2011, a programme of €45 million was approved to promote equality between women and men in Morocco. It aims to ensure that women and men are given equal opportunities to participate, influence and steer development policies and development programmes and that both women and men are able to benefit from them equally.

The Commission is strongly committed to contributing to developing a global partnership for development (MDG8) in the southern Neighbourhood. Support here varies from good governance-related programmes to justice and rule of law to involvement of youth and civil society. The EU's commitment was highlighted in 2011 in its response to the Arab Spring. 'A partnership for democracy and shared prosperity with the Southern Mediterranean' was put forward in a Joint Communication in 8 March 2011³⁴, stressing the need for the EU to support wholeheartedly the demand for political participation, dignity, freedom and employment opportunities, and setting out an approach based on the respect of universal values and shared interests. It also proposes that the "more for more" principle be used, under which increased support will be made available to those partner countries most advanced in bringing about democratic reforms.

³⁴ http://eeas.europa.eu/euromed/docs/com2011_200_en.pdf

A second Joint Communication, “A new response to a changing Neighbourhood” of 25 May³⁵, took this approach further. Several decisions to finance programmes in line with these commitments were taken in 2011: to support youth employment in Algeria (€3.5 million); to support the reform of the judiciary system in Lebanon (€5 million) and support for municipal finance in Lebanon (€20 million).

The new Civil Society facility for the whole neighbourhood region which has an overall budget of €26.4 million for 2011 (of which €12 million for the southern Neighbourhood), will promote domestic accountability and contribute to attaining MDG8.

1.1.4 Implementation and results

Bilateral cooperation

EU assistance to **Armenia** continued to support reforms in the justice system, public finance management, trade and education. In addition, the comprehensive institution building programme was set up to strengthen the capacities of central government institutions involved in the negotiation process for the AA and to prepare for the DCFTA. An ongoing programme in the area of vocational education and training continued to assist reforms in the education system, making it more relevant to the existing job market. The renovation of 12 multi-disciplinary colleges across the country and the training of numerous directors and teachers upgraded the institutional set up. Improved access to justice and increased transparency through e-services were put in place under a budget support programme.

In **Azerbaijan**, sector budget support operations continued to boost reforms in the energy and justice sectors. Significant progress was made in preparing for a sector budget programme in public finance policy. The twinning instrument continued to be very successful with one of the highest rates of implementation in the region. Nineteen twinning projects are currently in different stages of implementation including six under preparation in the areas of transport, financial services, maritime safety, environment, migration, cartography and tourism.

After the post-electoral crisis of December 2010 in **Belarus**, the EU significantly stepped up its support to civil society, students and the independent media, with a package of around €20 million for the period 2011-2013. The Commission also adopted a €13 million regional development programme which will make a difference to the daily lives of local communities in Belarus. The promotion of sustainable development in Belarus should result in building up competences in regional and local development.

In **Georgia**, EU assistance supported policy reforms in the areas of public finance, criminal justice, education. Institution-building was enhanced and tailored to the specific capacity needs of the core actors involved in preparations for the future EU-Georgia AA. Among them, the public defender office (ombudsman) gained international acknowledgement for its independency and professionalism.

In **Moldova**, the EU continued to encourage anti-poverty policies in the areas of primary health care and rural development. One of the most important assistance projects in 2011 was the EU high-level policy advice mission (EUHLPAM). As part of this initiative, 15 high-level

³⁵ http://ec.europa.eu/world/enp/pdf/com_11_303_en.pdf

international advisors went to Moldova to provide strategic policy guidance to the Moldovan government in key issues related to European integration. The European Border Assistance Mission to Moldova-Ukraine (EUBAM), an advisory and technical body mandated to guarantee security of the Ukrainian-Moldovan border, continued to tackle criminality successfully and assisted legitimate trade and travel.

A boost to public health in Moldova

Major improvements to Moldova's health system are underway, assisted by a four-year €46.6 million EU-funded programme which started in 2009. It enabled the training of 262 young physicians, 757 young nurses and pharmacists and the renovation of 12 primary health care centres in 2011, as well as programmes for the prevention of HIV/AIDS and viral hepatitis. It is contributing to the implementation of the Moldovan government's health sector strategy, 2008-2017, designed to improve and public access to health services and increase the efficiency and quality of essential public health services. Part of the strategy, a national programme for emergency care development, 2011-2015, was approved in 2011. 2011 also saw the setting up of the first public/private partnership in health at Chisinau's Republican Clinical Hospital with the opening of a radiology and medical Imagistics centre.

In the Transnistria region, two sets of confidence building measures were implemented for business development, infrastructure and capacity-building for civil society.

In **Ukraine**, a €70 million sector policy support programme for administrative reform was approved in 2011 as well as programmes for regional development, institutional building and to promote energy efficiency. Technical assistance was provided in a wide range of sectors and further twinning was set up in the areas of energy efficiency, air transport, public order, civil service, statistics and phyto-sanitary legislation.

Ukraine making Chernobyl safe

The EU is contributing to the Chernobyl Shelter Implementation Plan (SIP) including the erection of a new safe confinement structure, a programme developed by the EU, the US and Ukraine to protect the environment and population from the damaged Chernobyl unit 4 shelter. Three hundred separate activities are ongoing to make the site of the 1986 accident environmentally safe. The construction of the new structure will enable the dismantling of the existing damaged reactor 4 and its increasingly unstable sarcophagus, erected just after the accident.

Since 1991, the EU has allocated more than €1.3 billion to nuclear safety and security projects in the former USSR – mostly in Russia and Ukraine. The total cost of the shelter implementation plan is currently put at €1.6 billion. A pledging conference marking the 25th anniversary of the Chernobyl accident organised by Ukraine and the G8 presidency, and with EU participation, resulted in a further €550 million being pledged for the programme, including €10 million from the EU pledge.

Designed to be a flexible umbrella to promote reforms, enhance growth and raise competitiveness, the partnership for modernisation has acted as a central platform of cooperation between the EU and **Russia** since 2010. In 2010-2011, the EU supported the partnership with €7 million. Russia also signed individual bi-lateral modernisation partnerships with 23 EU Member States. Trade related issues with an alignment of technical

standards, promotion of judicial reforms and dialogue with civil society are among the priority areas of this modernisation process.

There was a range of actions concerning further adoption by Russia of EU norms and technical standards. There were also justice-related initiatives in the area of rule of law, the enhancement of the appeals system and ratification of the Hague Conventions. People-to-people links were other key factors in the EU-Russia relationship with the Commission's continuous support for civil society organisations for advocacy and human rights development.

During the Arab Spring, bi-lateral cooperation continued with all countries of the **southern Neighbourhood** – with the exception of Syria – despite the disruptive events. To be able to better respond to the historic events in the region, adjustments to existing arrangements were made in most countries.

In **Algeria**, the EU committed €3.5 million to strengthen the participation of young people in society and support the government's youth policy. This programme puts a particular emphasis on improving youth employment prospects by helping to develop new initiatives at local level and supporting co-ordination of youth policies at national level. EU funds were also committed to a new programme to protect Algeria's cultural heritage (€1.5 million) and for continued support to the transport sector (€13 million).

Given the progress in the water and sanitation sector, the Commission released the first tranche of sector budget support to Algeria in December 2011 (€6 million). The Algerian authorities started to improve budget transparency – and public finance management – by submitting to the Parliament final audited accounts for fiscal years 2008 and 2009 after a pause in this practice.

In view of the changing circumstances in **Egypt**, cooperation for 2011-13 was reviewed and adjusted. Five new programmes – amounting to €132 million – were approved during the year, aimed at improving living conditions in deprived areas of Cairo, trade and economic growth (and job creation), agricultural SMEs, as well as the reform of the energy and water sectors. Support to good governance and rule of law was further strengthened through a new €10 million EU programme signed in 2011 to assist Egypt in its judiciary reforms. For 2012, actions amounting to €160 million are already in the pipeline. The EU gave support to the elections in Egypt through two €2 million programmes, financed under the IfS, designed to assist the high electoral commission in its work and provide support to civil society organisations.

In **Israel**, an action plan for 2011 and 2012 was agreed, allocating €2 million per year for institutional twinning projects. €500 000 was awarded by the Civil Society Facility, for human rights projects.

The annual action plan for **Jordan** was reviewed in 2011. A €40 million sum was frontloaded from the 2012/2013 allocation for new programmes for: development of small and medium enterprises; tackling poverty and unemployment in less-favoured areas; research and innovation to engender growth and employment and for further strengthening public finance management. Ongoing programmes (including those from the €71 million for 2011) already support reforms in various sectors, including energy efficiency, education, democratic

governance and local economic development. Jordan is expected to initiate negotiations for a DCFTA in early 2012.

After the collapse of Prime Minister Hariri's government in January 2011 in **Lebanon**, the country faced a six-month period under a caretaker government and subsequently an institutional slowdown resulting in severe delays in the legislative process. In addition, it suffered from political instability at regional level, in particular due to the increasingly difficult situation which prevails in Syria. In spite of the specific context and the changes that affected the region as a whole during the Arab Spring, the EU was able to continue to support Lebanon's reform agenda in the areas of agriculture, security, policy planning and infrastructure. In total, €33 million were made available in 2011, providing key support to municipal finance reform, independence of the judiciary and to improve the technical capacity of the Ministry of Environment. Aware of the challenges to implement projects in a timely and adequate manner in Lebanon, the EU cooperation is in the process of reviewing its cooperation approach with the aim of strengthening capacity at institutional level.

Libya was singled out by the civil unrest which prevailed from early in the year and culminated in NATO intervention. By the end of October, the former Libyan leader, Muammar Gaddafi had been deposed. The EU had previously adopted a series of sanctions against individuals and entities, aimed at preventing arms and money from reaching the Gaddafi regime.

In the meeting organised on 2 September 2011 in Paris with the National Transitional Council (NTC), an agreement was reached to cooperate on post-conflict assessments between the EU, the World Bank and the UN. The EU was assigned sectoral leadership for integrated border management, civil society, gender issues and the media, including public messaging. The Commission made €10 million available to support the immediate stabilisation priorities of the new Libyan authorities. This consisted of a package for civil society, public administration capacity building and education. In addition, programmes were re-directed to support the stabilisation of communities at risk and to assist in the management of migration flows inside and from Libya (€10 million) and support for the rehabilitation of the war wounded (€2 million).

Additional support was provided under the Instrument for Stability (€1.7 million to establish an "all-inclusive dialogue process") whilst a range of projects implemented by NGOs in the fields of democratisation, women rights and media training was allocated €2 million. A programme targeting the strengthening of civil society institutions received €3 million. In November 2011, the EU opened its official Delegation in Tripoli.

In **Morocco**, legislative elections on 25 November 2011 were conducted in a transparent and fair manner, according to international observers, and brought to power a new political majority. These elections came in the wake of an important constitutional reform adopted on 1 July 2011 which brought significant changes to the equilibrium of power, reinforcing – among other things – the role of Parliament and the Judiciary.

The EU has long supported institutional and socio-economic reforms and will pursue its collaboration with Morocco in the framework of the association agreement. Morocco enjoys 'advanced status' (granted in 2008). With regard to financial support, the five priority areas for cooperation stand: development of social policies, economic modernisation, institutional support, good governance and human rights, and environmental protection.

Three new programmes were adopted in 2011 totalling €155 million: support to the implementation of the 'advanced status' (€1 million) which seeks to foster regulatory convergence with the EU by supporting the adoption of a set of key measures in a number of critical sectors; a programme to promote equality between women and men (€45 million), in line with the provisions of the new Constitution and an 'integrated rural development programme in the northern province of Al Hoceima (€19 million) to help improve the development of basic infrastructure and the livelihood of rural populations.

Ten sector budget support programmes were implemented in Morocco in 2011 and €88.2 million was disbursed – a reflection of the government's commitment to meet the eligibility criteria. This type of support has proved valuable in advancing policy dialogue with Morocco and assisting it in the reform processes it has embarked upon (health sector reform, modernisation of the water sector, public financial management or civil service reforms, etc.). In 2011, for instance, key measures were adopted which will provide more transparency in the field of public procurement, and groundwork completed for universal medical insurance which will benefit the poorest.

The EU is committed to increasing its support to Morocco in order to successfully implement the principles and objectives of its 'advanced status' action plan. Morocco also benefits from other thematic and regional programmes and will receive further support under the new SPRING programme, the Civil Society Facility and Erasmus Mundus. In the area of trade, negotiations for a DCFTA are expected to be launched early 2012. As regards migration, the negotiation of a Mobility Partnership is ongoing and is expected to be finalised before the end of 2012.

Support to the **occupied Palestinian territory** in 2011 was considered as transitional, as it should pave the way for more focused and fewer ad hoc programmes. Funds made available in 2011 amounted to €300 million. A financing decision adopted at the end of 2011 (frontloading 2012 budget) includes €105 million to respond to the priorities of the Palestinian Authority in supporting recurrent expenditure – salaries and pensions – and €55 million to be allocated to the core budget of the United Nations Relief & Works Agency (UNRWA).

During 2011, close cooperation between the Delegation and the Ministry of Social Affairs resulted in the alignment of the Gaza Strip with the West Bank in terms of the revised eligibility criteria and payment methodology for social allowances. Given the ongoing split between the two entities, it is a significant achievement. A new Palestinian National Development Plan (PNDP) for 2011-2013 was approved in 2011.

In light of the ongoing unrest and the systematic violations of human rights, the EU was one of the first donors to suspend its bi-lateral cooperation with **Syria** on 25 May. Since then, the Commission has suspended the participation of Syrian authorities in its regional programmes and the European Investment Bank (EIB) has suspended all its loan operations and technical assistance to Syria.

On 30 November, in reaction to the EU restrictive measures, Syria suspended its membership and its participation in the Union for the Mediterranean. Several projects are still ongoing in the field of support to non-state actors, Syrian civil society, and refugee populations. The Tempus and Erasmus programmes with Syrian students and universities also continue. A

special measure to support two UNRWA projects targeting both Palestinian refugees and the Syrian population was approved by the Commission in late 2011. UNRWA is currently one of the last executive agencies with a real operational capacity on the ground, and support to Palestinian refugees in Syria remains a priority. The first project will enhance the economic and social prospects of Palestinian refugee youth through vocational training and participation in local development initiatives. The second will provide an integrated package of assistance, supporting immediate service delivery and broader early recovery among vulnerable conflict-affected communities.

In the immediate aftermath of the events of the Arab Spring, programmes in the pipeline for **Tunisia** were immediately reviewed to ensure that they responded to the new challenges. For the period 2011-2013, the EU raised the amount indicatively earmarked for Tunisia by over 60% from €240 million to €400 million (excluding humanitarian assistance). Financial assistance for 2011 was doubled from the €80 million foreseen to just under €160 million. Additional funds targeted economic recovery (increasing the initial budget of the economic recovery programme from €60 million by an additional €40 million), support to the competitiveness of the services sector (€20 million), and support to the most impoverished areas (€20 million). Another €10 million from the 2011 SPRING allocation to Tunisia will provide support to the transition and establishment of the rule of law.

Efforts were made in 2011 to co-finance initiatives with EU Member States and other international partners so as to ensure that EU grant support to Tunisia leverages loans from financing institutions and private sector investments. One example is the economic recovery programme, made up of an EU grant of €100 million, a World Bank loan of \$500 million, an African Development Bank loan of \$500 million, and a €185 million loan from the Agence Française de Développement (AFD). Tunisia is one of the countries expected to initiate negotiations for a DCFTA in early 2012.

Tunisia's economic recovery

An EU-Tunisia Task Force – the first in the southern Neighbourhood – was set up to ensure better coordination of European and international support for Tunisia's political and economic transition. European and international partners took part in its initial meeting, held jointly by the HR/VP and the Tunisian Prime Minister on 28-29 September in Tunis. A joint budget support programme was formulated by the Commission, the World Bank, the African Development Bank (ADB) and the 'Agence Française de Développement' (AFD) in the wake of the Arab Spring. The meeting secured an unprecedented amount of resources: a €100 million EU grant (including funding under the new SPRING Programme), together with loans amounting €900 million from other partners to improve governance and the financial and social sectors and boost employment.

In 2011, 13 new budget support operations totalling €37 million were approved in the ENPI region. A total of €44 million was earmarked for seven new operations in southern partners (Egypt, Jordan, Morocco, Tunisia), while €93 million was committed to six operations in eastern partners (two in Georgia and one in Armenia, Azerbaijan, Moldova and Ukraine, respectively).

In the ENPI region, the new budget support programmes are largely sector-based and aim to support reforms related to, among other sectors: energy, public administration, public finance management, education and gender, while others also target wider economic recovery

objectives and the implementation of ENP action plans. Close cooperation with other donors is being sought to increase impact, wherever possible.

Regional cooperation

EU cooperation with partners on a regional level complements bilateral cooperation programmes. It addresses challenges with a regional dimension, and promotes cooperation among neighbouring partner countries on issues of mutual interest. Since issues such as protection of the environment, tackling sea pollution, fighting organised crime and terrorism are cross-cutting, they can be most effectively tackled through cooperation at a regional level.

The launch in 2009 of the Eastern Partnership in 2008 of the Union for the Mediterranean (UfM) and in 2007 of the Black Sea Synergy created new frameworks for regional co-operation, further deepening the Eastern and Southern regional dimension of the ENPI.

In the **eastern Neighbourhood**, new regional programmes were launched in the following areas: energy (the INOGATE secretariat), climate change, environmental protection of international rivers, youth, democracy, good governance and human rights.

A series of seminars and meetings took place at regional level, issues corresponding to the work of the Eastern Partnership platforms: democracy, good governance and stability, economic integration (including environment and climate change), energy security and contacts between people. Five Eastern Partnership flagship initiatives are well underway³⁶, touching on issues such as border management, support for small and medium-sized enterprises, energy, civil protection and environmental governance.

In the eastern Neighbourhood, several programmes were initiated in 2011 to support the region's democratic development including the Council of Europe Facility, a €4 million programme promoting democracy, good governance and human rights by enhancing the reform processes in the six partner countries. It aims to bring them closer to Council of Europe and EU standards in the core areas covered by the Eastern partnership, such as improved functioning of the judiciary, public administration reform and fight against corruption, and human rights protection.

The €34 million SME Flagship Initiative financed several activities in the spheres of investment and trade facilitation (East-Invest programme), a contribution to the TAM BAS (Turn Around Management and Business Advisory Services) programme and an SME Financing Facilities programme with European Financial Institutions, all to nurture economic development. A SME policy performance study is being conducted by the OECD with the support of the EU in the Eastern partnership countries. In the field of transport, in 2011 the Transport Corridor Europe-Caucasus-Asia (TRACECA) programme launched an initiative to support the sustainable development of the logistics infrastructure and multimodal transport along the TRACECA corridor. On environment and climate change, regional programmes contributed to strengthening environmental and climate governance and supported partner countries in converging towards the EU *acquis*. With a total financial envelope of €50 million, these programmes addressed the main environmental challenges in the region, ranging from waste management to water and quality, including forestry, information management and climate change, covering both adaptation and mitigation. Thanks to the

³⁶ http://eeas.europa.eu/eastern/initiatives/index_en.htm

active involvement of the partner countries, opportunities to move towards a greener economy were identified and will be translated into a new regional programme.

In 2011, the implementation of the EaP flagship initiative on prevention, preparedness and response to man-made and natural disasters got underway. It is aimed at developing the partner countries' capacities in the field and bringing them closer to the EU civil protection mechanism.

Energy cooperation remained a top priority under the EaP in 2011. The INOGATE programme included approximately €3 million of ongoing projects to support regional energy markets and the Eastern Partnership Energy Flagship in particular (e.g. energy regulation, harmonisation of standards and legislation, but also activities in support of renewable energy and energy efficiency in the building sector). The “Covenant of Mayors” remains a priority under the Eastern Partnership in the energy field.

Mayors for sustainable energy

More than 3 200 cities in the EU and over 40 cities in Eastern Europe, the Caucasus and Central Asia – including the capitals, Kiev, Chisinau and Tbilisi – have signed up to the ‘Covenant of Mayors’. Launched in 2008, this EU initiative aims to promote sustainable energy development at local or regional levels and secure energy supplies for citizens. Signatories voluntarily commit to increasing energy efficiency and the use of renewable energy sources to meet and exceed the EU’s objective of a 20% reduction in CO₂ emissions by 2020.

The Commission is encouraging the Eastern Partnership to join the Covenant of Mayors³⁷ and has started to raise awareness and prepare the cities for its Sustainable Energy Action Plan. The October 2010 conference in Tbilisi, organised by the Commission, assembled 150 participants from over 45 cities, mainly at mayor and deputy mayor level. Two branch offices of the Secretariat of the Covenant of Mayors were subsequently opened in September in Lviv and Tbilisi under the project, ‘Covenant of Mayors – East’ to provide dedicated support to cities in both Ukraine and Georgia.

During 2012-2013, the Commission will expand co-operation in education, youth, research and innovation, culture, the audio-visual sector and information society through the Eastern Partnership.

Eastern Partnership countries continued to participate well in the framework programme for research and innovation. Some 254 grant agreements have now been signed, with an EU contribution of just over €3 million. The calls launched in 2011 included a specific action to develop and enhance the science and technology partnership between the EU and Ukraine. Other topics included research into advanced materials for high-temperature power generation. Relations between the EU and Moldova in the sphere of science and technology were strengthened by the signing of a memorandum of understanding. Russia continues to be the most active international cooperation partner country, with Russian participants involved in over 300 grant agreements, having received over €9 million of EU funding to date³⁸.

³⁷ http://www.conventiondesmaires.eu/index_fr.html

³⁸ <http://ec.europa.eu/research/iscp/index.cfm?lg=en&pg=countries>

Regional cooperation with **southern neighbours** in 2011 was steered towards meeting the challenges of the popular uprisings that have shaken the Arab world and prompted calls for dignity, democracy and social justice. A joint EU-Council of Europe programme aiming to enhance human rights protection, independence and efficiency of judiciary and better compliance with the European legislation and democratic values in partner countries also supported the path to democracy. Completed in 2011, EuroMed Justice II has strengthened cooperation in civil, penal and family law and has helped establish an open legal system in the partner countries.

Possibilities for foreign direct investment and inclusive growth in the southern Mediterranean have been developed through the successful 'Invest in Med' project. Under the Union for the Mediterranean (UfM), the elaboration of sustainable urban strategy to stimulate sustainable urban development projects and promote best practices and urban innovations, got underway.

Under the EuroMed IV scheme, several youth projects were supported which build bridges with the Mediterranean: promoting mobility, non-formal education and inter-cultural learning among young people, youth leaders and youth workers. To tackle the region's high unemployment rate, a new Youth-Employment Support Programme was approved by the Commission in 2011, aiming to enhance the employability of young people in partner countries.

In addition, the financing of the current phase of the Euromed Youth programme has more than doubled; a Youth in Action window will be opened for the Eastern Partnership, together with a youth regional unit for capacity building and support for youth organisations is planned in South Mediterranean countries. The new regional programme for the development of culture in the Mediterranean region should help cultural operators to become equal partners of European organisations in joint projects. In the east, new projects were selected under the Eastern Partnership culture programme, and a unit to support the capacities of cultural actors in the region was set up.

The launch of EuroMed Audiovisual III raised the profile of the audiovisual industry in the partner countries through a series of national round tables, data collection and networking events.

Around 175 contracts have been signed since 2007 with the Mediterranean partner countries for research and innovation with an EU contribution of €39 million. Calls launched in 2011 included protection of archaeological sites, bio-waste, renewable energy, transport and social change and political transformation. The European neighbourhood policy instrument is funding several initiatives in the area of research and innovation: the research, development and innovation (RDI) programme in Egypt (€20 million, 2010-2012); the 'Projet d'Appui au Système Recherche et Innovation (PASRI)' in Tunisia (€12 million) and support to research, technological development and innovation (SRTD) in Jordan (€5 million, 2011-2013). An institutional twinning project with Morocco was launched to support its national research system. A high-level Euro-Mediterranean Conference on research and innovation was scheduled for 2012.

Inter-regional dimension

The inter-regional co-operation programmes support both the southern and eastern regions with activities that can be managed more efficiently and flexibly at inter-regional level. It includes two institution-building instruments originally created for the EU enlargement process and also operating in the enlargement countries through the IPA instrument. These are the 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 the approximation, application and enforcement of EU legislation through short-term expertise, workshops and study-visits for the 16 ENP countries and Russia. SIGMA is a joint OECD/EU initiative, assisting partner countries in installing governance and administrative systems. Under the ENPI, SIGMA is active in 11 neighbouring countries: Algeria, Armenia, Azerbaijan, Egypt, Georgia, Jordan, Lebanon, Moldova, Morocco, Tunisia and Ukraine. It works mainly in the following sectors: legal framework, civil service and justice, public procurement, financial control and external audit. SIGMA and TAIEX activities are complementary to the twinning projects in the ENP countries.

At an inter-regional level, the Civil Society Facility (total budget of €26.4 million) supports democracy, human rights and the rule of law. It provides funding for non-state actors and complements existing initiatives of support to non-state actors in the eastern and southern Neighbourhood. It also attempts to make NSA-oriented efforts in the ENPI region more visible and structured, and move beyond the simple provision of financial support to NSAs, towards engagement with civil society and increased policy dialogue at the partner country level.

A three-year inter-regional project – the European neighbourhood journalism network (ENJN) – to support journalists' training finished in 2011. Reaching over 1 300 journalists in partner countries, workshops were organised in its final phase to provide specific training following the dramatic events in the southern Mediterranean.

The Joint Communication, 'A new response to a changing Neighbourhood' also provided a solid policy framework and additional financial means for academic mobility and youth cooperation between the EU and the neighbouring countries. There are additional financial allocations for higher education under the Erasmus Mundus (mobility of students and academic staff) and Tempus programmes (modernisation of higher education). The increased budget resulted in €66.6 million being made available under Tempus IV in 2011 to modernise and reform higher education systems in the neighbourhood region. Erasmus Mundus received €70.4 million in 2011 to promote student and academic staff mobility.

The Commission is extending the internal eTwinning action for schools to Eastern Partnership countries, Egypt and Tunisia. Additional financing has been made available for interventions in vocational education and training in the Southern Mediterranean run by the European Training Foundation. The Commission also plans to launch a policy dialogue on higher education and youth policies in 2012 for the south Mediterranean region.

The Neighbourhood Investment Facility (NIF) also combines grants with loans provided by European finance institutions for big inter-regional infrastructure projects as well as for small and medium-sized enterprises. Projects include the Mediterranean Solar Plan and the Horizon 2020 initiative for de-polluting the Mediterranean.

Cross-border co-operation

Cross-border co-operation (CBC) programmes are a unique ENPI tool to enhance co-operation between EU Member States and partner countries situated at the EU's external border.

In 2011, the 13 operational programmes focussed on launching calls for proposals and speeding up project implementation. Since the launch of the programmes, 3 000 applications for almost €400 million have been received. 200 projects have been contracted to date: 46% of projects are people-to-people initiatives mainly benefitting civil society; 37% concern social and economic development, and 24% are in other sectors such as environment, health, etc. The division of funds between Member States and partner countries is balanced with 53% and 47% respectively. In addition to standard projects, eight ENPI CBC programmes have decided to implement large-scale projects. To date, 40 large-scale projects have been submitted for approval; eight are already approved and one, to build a border crossing between Poland and Belarus, is in the process of being contracted.

Volunteering across borders

Young volunteers in the border region between Hungary and Ukraine are helping out citizens in their neighbouring country under a two-year EU project. The €85 000 'Volunteering without Borders' scheme, which started in January 2011, is financed under the ENPI CBC Hungary-Slovakia-Romania-Ukraine programme. It aims to develop the citizen skills of young people who not only get to know people of a different nationality, but gain invaluable experience for both their professional and social lives. Volunteer activities include: helping vulnerable old people, distributing hot tea and meals to homeless people, collecting waste at a national park, visiting and teaching handicrafts at an orphanage and distributing toys and clothes. The groups regularly assess their work and adapt working methods where they need to.

1.1.5 Monitoring

The quality and flow of information on the management of EU external assistance and cooperation is enhanced by Results-Oriented Monitoring (ROM). ROM co-exists with other monitoring and review mechanisms, such as self-monitoring by project management teams, internal monitoring by the EU Delegations and partner countries' own monitoring mechanisms. ROM is hence an intrinsic and important part of the EU's external cooperation mechanisms.

In 2011, ROM missions were implemented in 15 ENPI partner countries (all, with the exception of Syria). The ROM coverage in the European Neighbourhood reached 25% of all ongoing EU operations and represented 22% of the overall budget.

In all, 243 ongoing operations (205 national and 38 regional projects and programmes) were reviewed with the ROM-methodology, as well as 33 closed projects (ex-post ROM). The total budget represented by the operations reviewed with ROM was in excess of €900 million.

The positive ROM results from the previous years for the ENPI region were confirmed. Over three quarters of the assessed national projects were considered as performing very good or

good. Close to 9% of the interventions however showed major difficulties. As in previous years, the regional projects/programmes on average tend to score lower than the national/bilateral projects (60% of regional projects scoring very good or good), due to the challenges faced in inducing national ownership and sustainability issues.

The majority of monitored operations in the Neighbourhood were in the social infrastructure and services sector, where the good results obtained for the projects related to government and civil society (sub-sector) contributed significantly to the good overall sector performance. The projects in the economic infrastructure and services sector were reviewed as performing particularly well, as opposed to those in the productive sector (industry, agriculture, etc.), which scored lower on average.

When further breaking down projects’ performance according to the OECD/DAC-criteria (relevance, efficiency, effectiveness, impact, sustainability), over 82% of projects assessed in the Neighbourhood region obtained ‘very good’ or ‘good’ ratings for relevance and design. Challenges subsist with reference to other review criteria, as a sizeable portion of monitored projects (about one third for national and over 40% for regional projects) show a clear scope for improved performance both in terms of efficiency (problems in terms of inputs used and implementation of activities) and effectiveness (some issues with *inter alia* delivery of results). Still, impact or impact perspectives remain very good or good for up to 80% of the national projects monitored in the Neighbourhood region over 2011. The level of ownership of a project/programme by counterparts and stakeholders remains one the main drivers of success in ensuring sustainability, while financial viability beyond the external assistance phase, often resulting from insufficient policy support and ownership, constrains the sustainability of project and programme results in some cases.

Table 1:

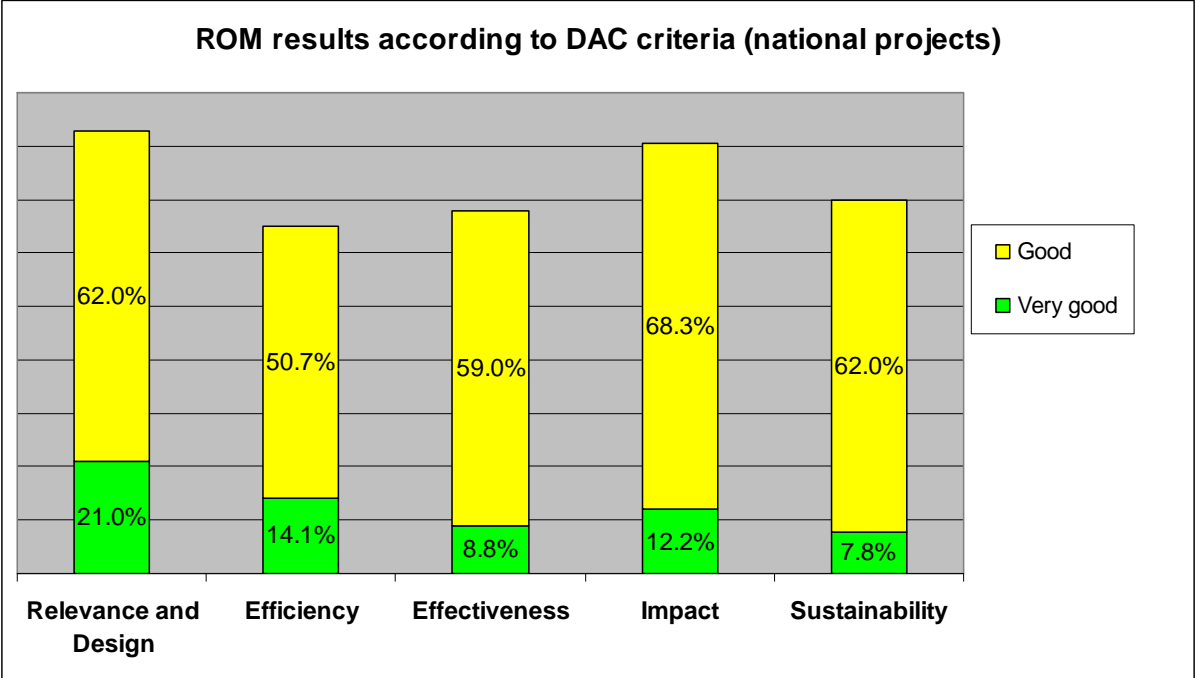
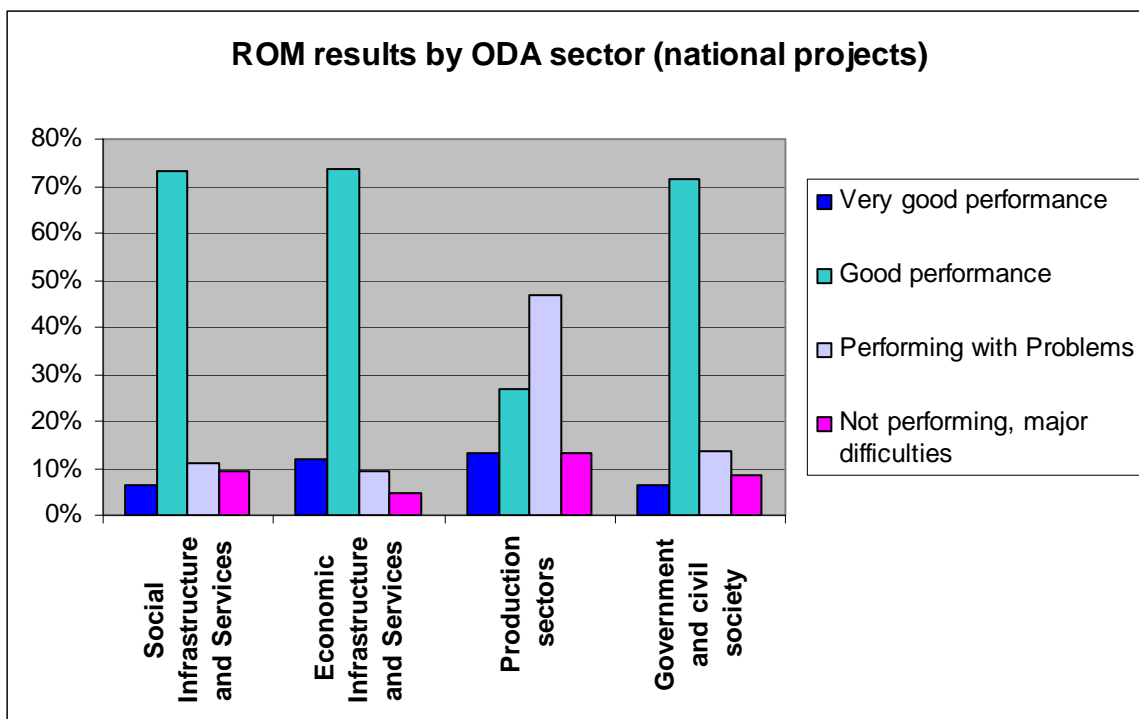


Table 2:



1.1.6 Outlook

In the **eastern Neighbourhood**, the EU will continue to support the justice sector in **Armenia** as well as preparing for DCFTA negotiations, both through budget support and the comprehensive institution building programme.

Azerbaijan is expected to benefit from budget support in 2012 for agriculture and rural development, with a view to improving food security, regional competitiveness and job creation. A future budget support programme on public finance reform will create a platform for structured dialogue in important policy areas covered by the ENP Action Plan such as governance, reforms in public finance management and budget transparency.

In **Belarus**, EU assistance for 2012 and beyond will target the green economy, economic development, good governance and people-to-people contacts. EU support for **Georgia** in 2012 will focus on sustainable agriculture and regional development to address rural poverty in the least advantaged areas of the country (according to the latest Human Development Report, approximately 15% of the Georgian population lives below the poverty line of \$1.25 per day). The launch of negotiations on the DCFTA will be accompanied by a targeted technical assistance, in co-ordination with EU Member States to further support a non-discriminatory, rule-based, open trade and financial system. There will be further help for sector reforms, especially for economic governance and justice, as well as for peaceful settlement of conflicts.

The main focus of cooperation with **Moldova** in 2012 will be on energy and justice sector reforms. Assistance to build institutions will accompany negotiations on the AA and the DCFTA. A significant package of confidence-building measures will be implemented in 2012 in the Transnistria region. In **Ukraine**, there are five actions planned for 2012: in energy, regional development, migration, energy efficiency and comprehensive institutional building.

All bilateral action plans for the **southern Neighbourhood** are on schedule for 2012, except for Syria for reasons already outlined elsewhere in the report; allocations of approximately €900 million are expected. In 2012, the SPRING programme will focus on Tunisia and possibly Morocco, Egypt, Lebanon and Jordan.

Key events are scheduled in various countries of the region in 2012. Elections are due in **Algeria** in May 2012, for which an EU Election Observation Mission will be deployed, and the 50th anniversary of Algeria's independence will take place on 5 July 2012. Presidential elections will take place in **Egypt** over May and June 2012, completing the implementation of the road map for the transfer of power from military to civilian rule, whilst parliamentary elections are expected in **Jordan** towards the end of 2012. Elections are also due in **Libya**, probably before the summer.

A new programme on the environment will help **Algeria** develop its national climate change policy ('Plan National Climat'). Other priorities are economic diversification and employment with new initiatives currently being identified. Dedicated instruments (EIDHR and the civil society facility) will support sector programmes for civil society.

In **Jordan**, EU assistance for 2012 will include three programmes targeting justice, security and civil society and the media; additional funds are also expected from the SPRING programme. In **Lebanon**, six programmes are expected to be approved to: improve infrastructure in Palestinian refugee camps; promote sustainable growth and job opportunities; step up mine action clearance activities and advance reform in the education system and promote social justice.

With regard to **Libya**, as soon as the new Libyan Authorities are ready, the Commission will explore relevant sectors of cooperation for 2012 in line with the results of the Libya co-ordinated needs assessment and the two Joint Communications 'A new response to a changing Neighbourhood' and 'A partnership for democracy and shared prosperity with the southern Mediterranean'.

In **Morocco**, the democratic changes brought in by the new constitution adopted on 1 July 2011 will be the focus of EU's attention in the months and years to come and will be the subject of a sustained policy dialogue with the newly-formed government. The important principles laid down in the new constitution are still to be translated into reality. Their prompt and effective implementation will require solid institutional support and financial assistance. The ongoing constructive policy dialogue with the Moroccan authorities will be pursued and in the spirit of the 'advanced status action plan', adoption of key policy measures to promote regulatory convergence with the EU, will be encouraged. The government's efforts to alleviate poverty and bridge the existing social divide will continue to be supported.

Following on from the new **Palestinian National Development Plan** (PNDP) for 2011-2013, new programmes and priorities will be identified.

In **Tunisia**, the focus is on establishing a functioning democracy through: reform of the judiciary, support to civil society, assistance to impoverished regions and measures to boost employment and bring about economic reforms. A new action plan for 2012-2016, due to be presented to the Tunisian authorities early 2012, will contain a roadmap of the joint measures envisaged to strengthen political, economic, social and cultural relations. Since bilateral cooperation with **Syria** is currently suspended and violence continues to escalate in the country, the EU does not intend to work with the Syrian authorities for the time being.

Despite the major operational constraints on the ground, the EU will continue to support Syrian civil society and the refugee populations, and will assess potential new operations in light of the 'do no harm' principle. The EU is closely monitoring the humanitarian situation on the ground, and is ready to intervene should there be any deterioration.

1.2 Middle East

1.2.1 Introduction

Middle East peace process

The EU stepped up its efforts to advance the Middle East peace process in 2011. It lent full support to the HR/VP in her continuing efforts on behalf of the EU to re-launch direct talks between the parties. The HR/VP visited the region numerous times during the year and stayed in close contact with stakeholders.

Against the background of the Palestinian bid to be admitted to the UN as an independent state, deposited by President Abbas in September 2011, the EU renewed its efforts to find a way for the parties to return to negotiations. In its statement of 23 September, the Quartet called for the resumption of direct bilateral negotiations – without delay or preconditions – aimed at reaching an agreement within a timeframe agreed to by the parties and by the end of 2012 at the latest.

The HR/VP extended a cautious welcome to the proposals for reconciliation between Fatah and Hamas. However, with no substantial progress on reconciliation since the initial signing of the reconciliation agreement on 3 May 2011, the 13th Palestinian Authority government under Prime Minister Fayyad continued to rule in a caretaker function following its resignation on 14 February 2011. The EU has consistently called for Palestinian reconciliation under the authority of President Abbas and commended the efforts of the Egyptian government to bring about and implement the move towards Palestinian reconciliation since the signing of the reconciliation agreement. The EU is ready to continue its support, including direct financial support, to a new Palestinian government composed of independent figures that is committed to the principles set out in President Abbas' speech on 4 May 2011 after the initial reconciliation agreement was reached. The EU's expectations of such a government were set out in the foreign affairs council conclusions of 23 May: a new government composed of independent figures should uphold the principle of non-violence and remain committed to achieving a two-state solution and to a negotiated peaceful settlement of the Israeli-Palestinian conflict, accepting previous agreements and obligations, including Israel's legitimate right to exist.

Direct EU financial support to the Palestinian Authority continued to contribute to ongoing state-building efforts. The Palestinian National Development Plan 2011-2013 (NDP) was presented officially by the PA in April 2011 at the Ad Hoc Liaison Committee (AHLC) meeting in Brussels.

Arabian Peninsula, Iran, Iraq and Yemen

The DCI covers only three countries in the oil-rich Middle East region – Iraq, Iran and Yemen – where most countries enjoy good standards of living and high income. The work carried out by the EU aims to meet the specific needs of each. Political development, reconciliation and

reform in **Iraq** have remained difficult in 2011. The ‘national partnership government’, formed after nine months of difficult negotiations following the 2010 general election, has struggled to function properly since it was set up and the general agreement on governance between the major political forces was not fully implemented in 2011. At the end of the year, the political situation worsened.

With the adoption in November 2010 of the first-ever multiannual Country Strategy Paper (CSP) for assistance to Iraq (€8.7 million 2011-13), the EU has shifted its support from emergency reconstruction activities towards regular development cooperation and long-term capacity-building. EU assistance in the medium-term is concentrated on the sustainability of Iraq’s institutions, the improvement of management and civil service capacity along with boosting the provision and quality of basic services (health, education, water and sanitation). The EU also continues to assist the Iraqi government in its efforts to better unlock and invest its own substantial resources, by providing assistance in the areas of good governance and democratisation.

EU-Iraq relations have been further strengthened with the implementation of the memorandum of understanding on energy cooperation and the Council’s decision to authorise signature of the partnership and cooperation agreement.

In parallel, the financial instrument for cooperation with industrialised and other high income countries and territories (called ICI+) was adopted 30 December 2011 and will help the EU expand the nature of its cooperation with the region, and notably with Iraq. The ICI+ is a new avenue for the EU in promoting political and economic interests and engaging in a partnership with Iraq based on mutual interests. Actions will cover public diplomacy and outreach, people-to-people links and especially economic partnership and business cooperation in the energy sector.

During 2011, the **Yemeni** revolution resulted in some ten months of violent unrest. Throughout this period, the EU closely co-operated with the Gulf Cooperation Council (GCC), with a view to achieving an agreement on political transition brokered by the GCC.

As the political impasse prevailed, clashes between security forces, demonstrators and tribal groups continued, with increased pressure from the international community (threats of sanctions) to find a resolution. In October, the UNSC unanimously adopted a resolution on Yemen and in November, President Saleh finally signed the GCC initiative. Since then, an interim government has been formed and presidential elections were called for February 2012. The EU Delegation in Sana’a remained open throughout the unrest. It was actively and closely involved in efforts to ensure a peaceful and orderly transfer of power and aid the process of transition. Co-operation was not formally suspended throughout these developments, however the situation itself have the *de facto* effect of preventing some projects from being executed. The 2011 DCI allocation of €20 million was divided equally between health sector cooperation and economic development focussing on job creation among the youth.

The humanitarian situation was already serious prior to the unrest and has subsequently worsened. To tackle this protracted crisis, the Commission released €25 million in 2011.

Most of Yemen’s multiple challenges – unparalleled in the region – became more acute during the unrest. Yemen is the poorest country in the Arab world with a very small middle

class, a high level of illiteracy and a youth and population bulge. Greatly contributing to its problems are issues such as the most active Al Qaeda franchise (AQAP), Somali refugees, and strong tribal power. While the EU stands ready to do all it can, it also realises that it only through concerted international efforts that such issues can be tackled effectively and sustainably.

EU co-operation activities in **Iran** are limited to non-sensitive areas such as anti-narcotics and aiding Afghan refugees through support for non-state actors. Efforts to engage with Iran in meaningful negotiations over its nuclear programme continue in line with the EU's dual track approach.

1.2.2 Aid effectiveness and donor coordination

Following the outbreak of violence during the 2011 protests, the security situation seriously hampered the effective implementation of development projects in **Yemen**, and most donors saw themselves obliged to withdraw a significant number of their in-country staff. Even under such difficult conditions, the Commission is one of the very few donors on the ground to have continued to implement projects and disburse funds. Donor co-ordination resumed in December, after the transitional government effectively took over power in Yemen and called on donors to assist the country's recovery. UN agencies, the World Bank and the Commission have discussed carrying out a joint social and economic needs analysis, while a larger group of the so-called G-10 (Gulf Cooperation Council (GCC)/EU/P5³⁹) have met regularly to monitor the political implementation of the GCC agreement.

At the international conference on Iraq's reconstruction held in Madrid in December 2003, the international community and the Commission in particular, recognised that the challenging situation in **Iraq** required urgent and coordinated action. Due to the lack of usable security infrastructure and the absence of a functioning Iraqi government which prevented the development of a meaningful bilateral programme, the Commission was instrumental in setting up and funding multi-donor trust funds for the country. This multi-lateral approach has allowed the priorities of the Iraqi authorities to be taken into account, together with EU priorities. The Commission has also acquired invaluable knowledge for future activities in Iraq through participating in the international reconstruction trust fund facility for Iraq (IRFFI) since 2004. With the departure of US troops, it is relevant for the EU to take an important role with regard to political and policy dialogue with the Iraqi authorities. EU cooperation is therefore moving from joint assistance (with UN agencies) to more direct cooperation targeting development of sector policies and strategies. It is a key factor in developing a culture targeting national interest through national policies and will also be the opportunity to improve donor coordination and division of labour.

1.2.3 Working towards the MDGs

Even prior to the events of 2011, Yemen was the biggest single development challenge in the Middle East. It is a country of deeply-rooted tradition with limited resources: scarce water reserves, restricted arable land and fast-declining oil reserves. It is the only poor country in a rich Gulf region, ranked 154 out of 187 countries in the 2011 UNDP human development index. The 2011 crisis has exacerbated a simmering humanitarian situation. More than half of the population faces multiple socio-economic challenges and a third lives in severe poverty.

³⁹ the five permanent members of the UN Security Council (China France, Russia, the UK and US)

Yemen also has the highest gender inequality index in the world. Providing basic services and reducing poverty are the two main aims of the EU budget development programmes in the country, giving support for food security, social welfare, health and good governance.

Iraq faces considerable challenges in its efforts to meet the 2015 MDG targets. According to World Bank classification, it is a lower middle income country (its 2010 GNI per capita amounts to \$2340; oil and gas contributes 60% of GDP, 99% of exports and 90% of Government revenues). The size of oil revenues inhibits efforts to diversify the Iraqi economy and makes it difficult to transform growth into inclusive growth and access to public services for all. Iraq is classified as a low human development country in the UN human development index (ranked 132 of 187). The country's primary enrolment rate (85%) compares poorly with neighbouring Iran (94%) and Turkey (92%). The maternal mortality ratio stands at 84 per 100 000 live births. Iraq is struggling to reduce the number of women dying in child birth to meet its target of 29 for every 100 000 live births. The proportion of households using an improved water source has remained at around 80% since 1990. In rural areas, this figure is just 57%. Even if 84% of the population use an improved sanitation facility, just 26% is covered by the public sewage network, dropping to 2% in rural areas.

1.2.4 Implementation and results

The 2011 review of the Yemen country strategy paper largely reconfirmed the previously identified cooperation priorities. These are support for state-building and governance, social development and economic development and livelihoods. The Commission approved the first package of the new three-year strategy for 2011-2013, allocating €20 million to a health support programme and an economic support programme through improved access to finance. The latter aims to develop an environment conducive to private sector development and international trade in Yemen, which would ultimately support the country's overarching objective of job creation and poverty reduction. The focus is in particular, on youth and women entrepreneurs, whose access to finance will be improved. The health programme concentrates on strengthening the primary healthcare delivery capacities of the local health development councils and the oversight and monitoring capacities of the central ministry of public health and population.

EU help to assist Iraq in meeting the MDGs consisted in 2009 and 2010 of: support to emergency medical services and blood banks (€13 million, in cooperation with WHO); putting in place measures for improved water and sanitation services (€7 million, with UNICEF); support to improve the quality of education (€8.5 million, with the British Council) and improving access to quality basic education (€17 million, with UNICEF). In the coming years, the health sector will be supported (with WHO, €10 million), as well as higher legal education (€2 million). A €15.7 million water and integrated ground water management programme which includes the development of a water monitoring system and public awareness-raising measures on water-related issues, is also in the pipeline. The Commission's support has enabled approximately 15 000 returnees and Internally Displaced Persons (IDPs) to be sheltered with 19 000 returnees, IDPs and community members assisted through water and sanitation projects. Three protection and assistance centres offered counselling to 170 000 persons; 75 000 were provided with assistance through referrals and advocacy with 4 030 legal cases solved.

EU cooperation with **Iran** is limited due to the ongoing dispute over the country's nuclear programme. Implementation of projects by local or international NGOs is hampered by

administrative obstacles such as difficulties in issuing visas and carrying out international financial transfers. The current €2.5 million portfolio of ten projects for includes thematic programmes in the fields of democracy and human rights (EIDHR) and non-state actors (DCI-NSA) aimed at promoting the empowerment of vulnerable people, and community-based initiatives.

Yemen - creating jobs during the crisis

The EU was able to assist Yemen and respond to the unfolding events set in motion by the Arab Spring, despite a rapid deterioration of the security situation which resulted in many donors withdrawing in-country staff and the stalling of development programmes. Working through the Yemeni social fund for development, an additional 144 projects were mounted with EU funding in three main areas: job creation, local capacity building and girls' education programmes in Yemen in the midst of crisis. The labour intensive works programme alone targeted almost 30 000 people by creating an additional 347 576 working days for the rehabilitation of more than 80 acres of agricultural lands and terraces.

Additional activities will aim at constructing rainwater harvesting (cisterns, natural tanks and stone tanks), improving and protecting existing rural roads, protecting drinking water sources (shallow wells and springs), paving public rural markets and protecting irrigation channels. EU funds also helped build 250 classrooms for more than 18 000 girls who would not have been able to attend school otherwise and who would have left their education prematurely. Yemen has the highest gender inequality index in the world.

1.2.5 Outlook

As in some other Arab countries, the Arab Spring movement in **Yemen** opened a window of opportunity allowing greater political participation from all parts of society and better resource distribution, so as to put the country back on a genuine development track. The road ahead is certainly not smooth: contending groups will have to agree to work out their disputes peacefully and future growth will have to benefit a larger part of society. There needs to be more careful–resource management, notably in the water sector where a crisis looms. One of the first and most important tests for the transitional government lies, however, in dealing with humanitarian crisis and supporting a quick and effective return to "normality".

Iraq's achievements in terms of governance, democracy and rule of law remain fragile and need to be consolidated. The country has significant oil/gas revenues which currently contribute only marginally to inclusive economic growth. There is the need to improve efficiency of public expenditure and the provision of basic services. Institutional capacities need to be strengthened.

EU support for state building, governance (including financial and economic governance) and human rights – a key component of the NIP 2011-2013 – will be crucial in the coming years. Future interventions will continue to target capacity building for state institutions and NSA in key strategic sectors, at both central and decentralised level. In addition to support to the governance sector, the education component of the NIP 2011-2013 will give the opportunity to accompany the process of economic diversification by increasing access to job opportunities and a quality education system which responds to labour market needs.

The signature of the EU-Iraq partnership and cooperation agreement will provide a solid platform on which to build the EU-Iraq relationship in a wide range of areas for the decade ahead.

In view of the events of the Arab Spring and the forthcoming presidential election in 2013 in Iran, it will be interesting to see whether Iranian civil society is able to steer the authorities towards more political freedom, fewer human right violations and lower the barriers to foreign cooperation.

2 Sub-Saharan Africa & Intra-ACP programmes

2.1 Sub-Saharan Africa

2.1.1 Introduction

2011 saw the birth of a new state in Africa – South Sudan – the consolidation of democracy in a number of countries through credible elections, and an effective African and international response to the post-electoral crisis in Côte d’Ivoire. Progress however, is uneven and huge challenges remain. The EU has launched several initiatives to enhance the coherence and effectiveness of its multi-faceted engagement with the Sahel region, Sudan and South Sudan, as well as the Horn of Africa.

In March 2011, the EU launched a ‘Strategy for Security and Development in the Sahel’, one of the poorest regions of the world. The Sahel region faces the multiple and intertwined challenges of extreme poverty, the effects of climate change, frequent food crises, rapid population growth, fragile governance, corruption, unresolved internal tensions, the risk of violent extremism and radicalisation, illicit trafficking and terrorist-linked security threats. In few areas is the inter-dependence of security and development more evident. In its initial phase, the primary focus of the strategy is on Mali, Mauritania and Niger around four particular strands of action: development, good governance and internal conflict resolution; political and diplomatic; security and rule of law and countering violent extremism. Building on existing national, bilateral and multi-lateral engagement, the EU is working in close co-operation with the countries of the region, civil society and regional and international bodies to fight the root causes of poverty, support economic development, good governance and improve access to key infrastructures and basic services for the local populations.

The independence of South Sudan in July 2011 marked a milestone in the implementation of the Sudanese Comprehensive Peace Agreement (CPA). In addition to opening a new EU Delegation in Juba, the EU started to follow a comprehensive approach to both Sudan and South Sudan. However, despite the optimism of the independence day ceremony attended by the HR/VP, the second half of the year saw a worrying deterioration of relations between both states. The EU is still concerned at the lack of progress in resolving outstanding CPA and post-secession issues between Sudan and South Sudan. The security situation and resulting humanitarian crises in Blue Nile, Southern Kordofan and Abyei remain a particular focus.

Underlining the importance attached by the EU to its relations with the Horn of Africa and the breadth of political, security, development and humanitarian engagement, it adopted a Strategic Framework in November 2011. This provides a holistic approach to the EU’s multi-faceted engagement in the region with a view to supporting the people of the Horn in achieving greater peace, stability, security, prosperity and accountable government. To assist with implementation of the framework, the EU appointed the first-ever EUSR for the Horn who initially focussed on Somalia and piracy.

Building on support to governance, the EU deployed five electoral observation missions to Sub-Saharan Africa (Niger, Uganda, Nigeria, Zambia and DRC) and four expert missions (Benin, Liberia, Côte d'Ivoire and Central African Republic). The EU will actively ensure follow-up to the recommendations of the EOMs in dialogue with the governments concerned.

Africa-EU Partnership

The Africa-EU relationship reached new heights in 2007 with the adoption of the Joint Africa-EU Strategy (JAES) at the EU-Africa Summit in Lisbon which put in place a framework for enhanced co-operation based on treating Africa as one. The Africa-EU Summit in November 2010 approved the second JAES action plan 2011-2013, which confirmed the commitment to deliver in eight thematic partnerships: peace and security; democratic governance and human rights; trade, regional integration and infrastructure; MDGs; energy; climate change and the environment; migration, mobility and employment; science, information society and space.

2011 saw results of the second action plan in all eight thematic areas, with initiatives financed under multiple instruments. The newly-created Africa-EU platform for dialogue on governance and human rights put forward proposals on natural resources governance in conflict and post-conflict situations, backing recent EU measures on more transparency of the activities of European extractive and forestry industries in Africa. The EU continued to support the Programme for Infrastructure Development (PIDA) and transport, energy and ICT networks via the Infrastructure Trust Fund. The ACP-EU Energy Facility is currently implementing 62 projects in 34 African countries in the fields of power supply and renewable energy. Launched in 2011, the Great Green Wall for the Sahara and Sahel initiative aims to mitigate the region's desertification and land degradation. The two continents have also embarked on scientific and technical cooperation, notably by making African research grants available in agriculture, renewable energy and water and sanitation.

Under the African Peace Facility, the EU renewed its support to the African peace and security architecture and peace support operations; the African Union (AU) Mission in Somalia (AMISOM) and the Economic Community of Central African States Mission for Consolidating Peace in the Central African Republic (MICOPAX). The AU's peace and security council and the EU political and security committee worked jointly towards crisis resolution, notably in Sudan and Côte d'Ivoire, with EU support for mediation channelled through the early response mechanism, and reinforced dialogue in the areas of maritime safety and transnational security. Through the AU Support Programme (€5 million), the EU contributed to the strengthening of the institutional capacity of the AU Commission and its organs.

The Commission's cooperation with the AU's situation room contributed to technical support for the further development of its Continental Early Warning System (CEWS) and technical training of AU and RECs (Regional Economic Communities) staff.

In the context of the partnership on science, information technology and space, the Commission notably provided further technical and logistic support to the Global Monitoring for Environment and Security (GMES) and Africa process which is intended to lead to a GMES and Africa action plan to *inter alia* optimise the use of satellite observation for environmental management.

2.1.2 Aid effectiveness and donor coordination

In 2011, the Commission continued its efforts to strengthen aid effectiveness in Sub-Saharan Africa. The 4th High Level Forum on Aid Effectiveness in Busan was the key development policy event of the year and created momentum to further enhance the use of ‘country systems’ (national arrangements and procedures for public financial management, procurement, audit, monitoring and evaluation, social and environmental procedures) – specific priority of African partner countries.

In South Sudan, the EU and its Member States endorsed the idea to improve the coordination and coherence of aid by programming funds jointly. The resulting agreement on a single joint Country Strategy Paper (CSP), allocates around €800 million of EU funding to South Sudan over the period 2011-2013, focussing on a number of specific priority sectors: health, education, rural development, rule of law and water, sanitation and hygiene – all part of South Sudan's own development plans. The joint CSP includes an EDF contribution of €200 million, made available by the Council in 2011.

In Mali, donor coordination and aid effectiveness are improving through a series of initiatives. A common country strategy for development assistance (SCAP) has been jointly developed by the government and its development partners. Mali has also been selected as a pilot country for the EU's "joint programming" exercise. In the interest of boosting aid effectiveness, Mali also embarked on a joint evaluation of budget support operations in line with the OECD's new methodology. An evaluation showed the positive impact of budget support. As a result of the close coordination among donors and in line with the principles of the Paris Declaration and the Accra Agenda for Action, the EU has signed agreements with development agencies whereby partners delegate the implementation of their projects to a single agency (delegation agreements). Other donors will also transfer funds to the EU for the delivery of specific projects (transfer agreements). Countries to have signed such agreements include: France, Germany, Belgium, Sweden, Switzerland and Denmark. Mali also participates in the ‘fast track initiative’ on the division of labour.

Togo – building on budget support

Under the EU's budget support programme with the Togolese government, 2009-2011, the government progressed with important reforms to improve budgetary management and oversight of public expenditure. The court of auditors – operational since July 2010 – produced and transmitted its first-ever report to the parliamentary assembly. The general inspectorate for finances substantially increased the number of completed financial audits and several 'commissions' responsible for the launch and oversight of public tenders were established. Financial transparency was further improved by the creation of a website concerning the government's budget expenditure and public tenders – where, for example, a bi-annual report on the government's budget expenditure is now regularly published. A second budget support programme with complementary objectives will build on these encouraging results.

2.1.3 Working towards the MDGs

The 10th EDF Mid-Term Review (MTR) of the ACP country strategies and programmes showed that, while the overall picture is diverse, most ACP countries are lagging behind in their schedules to reach the MDGs. The EU thus decided in the context of the 10th EDF MTR

to devote a share of unallocated funds to support ACP countries' attainment of the MDGs. At a high level meeting of the UN General Assembly in New York in September 2010, the Commission announced the EU's €1 billion MDG initiative to foster progress towards the 2015 goals.

This initiative has two components, the first being a €300 million window to reward 'good performer' countries based on their overall good performance indicated in 10th EDF MTR results. The remaining €700 million was open to all ACP countries, including those, on a case-by case-basis, under article 96. The first component is currently in the process of being allocated under the MTR. To access the latter component, ACP states were invited to submit a proposal demonstrating how a top-up could contribute to improving the attainment by 2015 of the most off-track MDGs in their respective countries: eradicating hunger, improving maternal health, curbing child mortality and improving access to water and sanitation. In December 2011, the €700 million sum was allocated to proposals from 36 countries. All proposals selected are results-oriented, with clear and measurable indicators which demonstrate the benefits of additional funding.

Progress towards achieving the MDGs varies among countries of Southern and Eastern Africa. While some are making good progress such as Ethiopia, Namibia, and Botswana, most show mixed results including Kenya, Malawi, Mozambique, Tanzania and Uganda. Progress towards MDGs 1c, 4, 5 and/or 7c is often less encouraging. Various forms of EU support are facilitating the achievement of the MDGs: general budget support, including MDG-contracts (Mozambique, Tanzania, Uganda, and Zambia); sector budget support and projects and programmes.

In Ethiopia, the multi-donor protection of basic services (PBS) programme is enhancing basic government service delivery at decentralised level in health, education, water, agriculture and roads. It has been instrumental in the significant progress made by Ethiopia towards many of the MDGs. The country's under-five mortality rate dropped from 123 in 2005 to 88 in 2011. The net enrolment rate for primary school children rose from 77.5% in 2005/06 to 85.3% in 2010/2011. The number of health extension workers increased from 2 700 to more than 30 000 in four years, while development agents providing technical advice to farmers increased by 13 000 in just two years. The EU is currently supporting the PBS to with €50 million, with approval given in 2011 for the financing of a €45 million second phase.

Safe drinking water in Chad on tap

The MDG7 goal of reducing the proportion of people without access to safe drinking water and basic sanitation by half is on target in Chad due to an €80 million package of assistance from the 10th EDF and other donor support, as well as changes made by the Chadian government. By 2015, 61% of Chad's population is projected to have access to safe drinking water. Although Chad is still considered to be a fragile state, an improved legal framework and regulations have been put in place by the government to manage the water and sanitation sector. A national training scheme for water management and a new plan for the maintenance and monitoring of water supply points have also been launched. Local populations have especially been involved in the management of water points; frequently financing their installation and upkeep and respecting the requirement of paying for water which has in turn improved sustainability of supply. In 2011, the laboratory of the ministry for water received new equipment and staff skills were improved by a training programme put in place with

ADB support. Chad also improved its knowledge of groundwater resources through EU-funded drilling programmes.

West African countries have seen different levels of progress towards achieving the MDGs. While in some countries, such as Liberia and Guinea-Bissau, goals are achievable with some further change, mixed results have been recorded in most including Nigeria, Niger, Mali, Burkina Faso and Côte d'Ivoire. Progress on MDGs 1, 4, 5 is proving the most challenging. While most governments have aligned their poverty reduction strategies to the MDGs, specific challenges include insufficient health provisions, ensuring sufficient child nutrition, reaching appropriate levels of sanitation and monitoring and collecting data on progress made towards the MDGs.

MDG contract improving health and education in Burkina Faso

An MDG contract delivered through budget support, is significantly improving both health and education in Burkina Faso, contributing to poverty reduction. Mid-way through its implementation, the programme is showing encouraging results even though this momentum must be kept up if MDG targets are to be met in 2015. As a result of the programme, allocations from the country's state budget to health rose from 11% to 12.1% and from 14.3% to 16.2% for education over three years. Births attended by skilled health staff increased from 54.6% to 76%. The percentage of people vaccinated against measles went up from 93.9% to 99.3% whereas the percentage of girls' enrolment in school rose from 61.2% to 75%, over the same period and the proportion of students completing primary school increased from 36.4% to 52.1%.

2.1.4 Implementation and results

In 2011, the total amount of EDF commitments came to €3.2 billion to slightly exceed the overall target at the beginning of the year. In Sub-Saharan Africa, the EU has exceeded its target by 15%, with €2.1 billion committed against a target of €1.8 billion. The main reasons for the higher than expected commitments are: the stabilisation of the political situation following elections in Côte d'Ivoire allowing for cooperation to be stepped up, the commitment of a record amount of €478 million in Nigeria totalling 70% of the total of the country's 'A' envelope and the commitment of a larger than expected sum to Sudan.

As far as EDF payments are concerned, the target for Sub-Saharan Africa was set at €394 million with €1 973 million (82.4%) disbursed. The main reason that the target was not reached was the non-disbursement of budget support payments, largely due to issues related to eligibility criteria. In 2012, better results are expected as far as payments are concerned, given the excellent performance with regard to commitments in 2011.

In 2011, bilateral cooperation with East and Southern Africa (excluding South Africa) amounted to €456 million and €316 million respectively. Total budget support payments to East and Southern Africa and Indian Ocean under the EDF amounted to €457.5 million in 2011, broadly in line with previous years. Commitments under the EDF meanwhile declined further to €5.7 million from their peak of over €2 billion in 2008, reflecting the fact that programmes are already in place for most countries benefiting from budget support under the 10th EDF. A further €71.6 million was committed under the budget.

General budget support to Zambia

€2.8 million of general budget support was disbursed in Zambia following the September 2011 elections, in response to the country's encouraging commitment in meeting poverty reduction targets in health and education. Despite mixed results on poverty reduction, the previous government succeeded in making improvements in the net enrolment rate, pupil teacher ratio, in transition rates for girls' education, and in immunisation rates in the worst performing districts. Some improvements to public financial management systems, including the rationalisation of the budget calendar and improved procurement regulations, were also recognised. A joint donor evaluation noted that general budget support had increased national budget allocations to exceed budget support inflows. The increased allocations have led to tangible improvements in service delivery, most notably in the social sectors.

There were increased challenges in 2011 regarding the implementation of budget support programmes in the region. The combination of macro-economic issues, policy slippages and governance concerns prevented the EU from making planned disbursements in a number of countries including Malawi, Ethiopia, Kenya, Comoros and Tanzania.

Food crises in the **Horn of Africa** proved to be one of the largest emerging challenges in the region and required a strong humanitarian and development response by the EU. Development co-operation activities aimed at improving livelihoods and food security in the Horn were launched in Ethiopia (€13.75 million), Djibouti (about €4.5 million) and Somalia (€25 million). In line with the "Agenda for Change", food security should feature prominently in 11th EDF co-operation programmes, especially in the Horn of Africa.

Seeds improve food security in Somalia

Now in its second phase, the improvement and sustainable use of plant genetic resources programme in the country's southern region – a seed improvement project – has increased the yields of Somalia's farmlands and has led to an agricultural commercial sector taking root. The use of improved seeds can yield production increases of between 50-100%. Since the establishment of seed growers associations in 2008 and subsequent commercialisation of seeds from 2010, farmers are now self-supporting and seed growers have increased their income. During the recent drought and famine crises in the country, the maize growers' association, produced 1 800 MT of maize seed, which was distributed at the same time as the 'agricultural emergency package' by different donors in various crisis-affected regions during the 2011 humanitarian operation. This seed distribution is expected to increase next season's maize production in the southern region.

Food-security- Support to Livestock in Somalia

The livestock emergency interventions to mitigate the food crisis in Somalia is a €4.8 million 24-month project ended in September 2011 and enabled the mass treatment and vaccination of sheep and goats against three major diseases that impact negatively on the productivity of the animals and the export trade in live animals. It sought to reduce the negative impact of soaring food prices on Somali pastoralists and agro-pastoralists and has mitigated the negative impact of the current food crisis. In preventing disease in over 6.7 million livestock which were hence able to stand the recent drought, 72 485 pastoralists' households have benefited from the project which has also created short-term employment for 600 youths.

The creation of an independent **South Sudan** in July was an opportunity for the EU and its Member States to embark on a joint programming exercise, establishing a coordinated donor

response to South Sudan's development strategies and priorities. Co-operation with the country is transitioning from humanitarian relief to supporting government-owned sustainable development and state-building. An example of practical work being undertaken is the inclusion of Juba University in a higher education pilot initiative supported under the EU-Africa strategy

In the specific case of **Zimbabwe**, the EU has targeted its interventions in areas such as food security, agriculture, health, education, human rights and rule of law, adding governance-related support to reforms foreseen in the global political agreement, signed back in 2009. This support has proven important in restoring confidence among the population and generating a sense of hope for the future. The principles of Article 96 were maintained and support was channelled through UN organisations and local and international NGOs. Since 2009, the Commission has provided an average of €80 million per year, including humanitarian funding (which is being phased out). These funds were drawn from the reserves of the 10th EDF in the form of ad hoc allocations, as well as from DCI budget lines.

Support to livestock smallholders sector in Southern Angola

A €10 million programme supports the Angolan veterinary services to develop the livestock sector in Southern Angola. Around 30 000 smallholder farmers were trained in the control of diseases through the use of vaccines and basic veterinary drugs, assisted to construct simple wells and create pastoralist managed organisations that can market cattle, manage pasture and water resources and provide members with training and veterinary supplies. In the drought prone semi-arid regions of south west Angola, the raising of livestock through avian production and agro-pastoralist system are the main source of income and food for over 200 000 families. These farmers, who possess a very strong and distinct cultural identity, produce approximately 23% of the national meat requirement and 78% of meat produced in Angola. The EU is supporting a 4-year program to build capacity in the veterinary services, to support pastoralists systems along transhumance trekking routes and to develop the production of vaccines for domestic poultry. A veterinary laboratory, to produce these vaccines, has been recently rehabilitated and inaugurated by the Ministry of Agriculture.

In West Africa, nearly all countries are ranked by the UNDP's 2011 index as having 'low human development'.

While democratic processes are becoming more fluid – such as in Benin and Liberia – the region remains on the whole fragile and subject to instability. In Guinea Bissau and Guinea Conakry, EU co-operation is still partly suspended following Council decisions on the basis of Article 96 of the Cotonou Agreement.

2011 was marked by the post-electoral crisis in **Côte d'Ivoire** and the resumption of aid to help the new authorities restore political and economic stability and to support the country's regional role as a driver of economic growth. The EU immediately allocated the country €125 million when the new government took office. The President of the European Commission, José Manuel Barroso, announced during a visit to Brussels by the Côte d'Ivoire's President Alassane Ouattara that the EU was willing to top-up the country's aid package by €100 million to support the government post-crisis.

The EU also resumed aid, including budget support disbursements, in **Niger** where a new government was installed in April 2011. Ensuring the stability of Niger, as well as the other

Sahel countries, is a key challenge for the international community in a context of growing insecurity. Visiting West Africa in November 2011, Commissioner Piebalgs stated: "Instability in the Sahel is threatening the sustainability of development in the region". The Commission has hence worked closely with the EEAS to develop and implement the 'Sahel Security and Development Strategy' which includes a new €150 million package of funds divided between Niger, Mali and Mauritania for development and governance activities, including the strengthening of respective justice systems.

Mali makes good progress in education

Improvements to education in Mali and reform in the sector have been assisted since 2008 by an MDG contract earmarking €150 million of general budget support and €44 million of sector budget support. The funding has resulted in the opening of 13 000 more classrooms and has increased the number of students registered at public schools across the country from 1.3 million to nearly two million. Funds have also been invested to improve education at the local level under the sector budget support programme and resulted in the percentage of girls in school climbing in the regions of Kidal, Mopti, Ségou and Sikasso from 50% in 2003-2004 to 65% in 2011.

Other highlights in the region include a €478 million comprehensive aid package for **Nigeria**, demonstrating the EU's full commitment to support the country's development, focusing more particularly on governance and the Niger Delta area. All in all, the EU has committed close to €1 billion in West Africa for bi-lateral co-operation in 2011 with payments totalling some €700 million.

Presidential and parliamentary elections in the **Democratic Republic of Congo (DRC)** in November 2011 saw wide political debate and large popular participation in the second free elections since independence. Despite some security problems, the elections took place without violent incidents getting out of control. However, irregularities, failings and errors in the electoral process led the opposition and a proportion of the population to reject the results. During 2011, the EU has been working continuously to encourage candidates and the public to remain peaceful in respect of democratic principles. The EU will follow closely the remainder of the electoral cycle and is calling for greater transparency and respect for the electoral law in the future. Development cooperation was not affected by the elections since the main cooperation activities took place prior to the electoral period, supported by the government and assisted by a favourable macro-economic situation.

DRC – continuing EU support to the national health services development plan

EU support (€1 million) is helping to bring quality health services to 2.9 million people, including improved supply of essential medicines. The country faces many health challenges, notably in relation to child mortality and maternal health where the respective MDGs 4 and 5 are unlikely to be met. Building on its previous assistance, the EU's support is geared to implementing the national plan for the development of health services (PNDS) to which the EU is the largest donor. EU funding is specifically going to the conflict affected eastern districts - under the stabilisation and reconstruction programme in conflict areas (STAREC) - to improve the health care of victims of sexual violence. Additional humanitarian aid and a €40 million sum under the MDG Initiative will further boost health care.

The stable political and security situation in **Rwanda** combined with very good public financial management and pro-poor policies, are contributing to a favourable social and macro-economic situation in the country. This good overall performance will lead to a substantial increase in its 10th EDF allocation. European institutions continue to press for greater political and democratic openness and are closely following the implementation of the commitments made by Rwanda in the framework of the Human Rights Council's last universal periodic review.

Sector budget support improves justice in Rwanda

A €12 million sector budget support programme for Rwanda, 'Justice, Reconciliation, Law and Order' has improved the rule of law and respect for people's basic human rights as well as universal access to justice. Results include: a big rise in the number of cases processed by civil and penal courts; an increased proportion of those responsible for genocide doing community service and a lowering of the percentage of prisoners receiving jail sentence. There is strong commitment to co-ordination and harmonisation with performances in sectors being jointly evaluated under a common performance assessment framework.

2011 was a difficult year in the **Central African Republic**, marked by widespread insecurity and banditry. Presidential and parliamentary elections – held in line with commitments under the 2008 peace process – took place in a generally peaceful environment but did not enjoy the support of the opposition who largely refrained from participating. The EU also denounced irregularities and widespread fraud. With a lack of progress on security-related sectors reform and an unpaid budget support payment due to inadequate public financial management, development co-operation was sluggish. However, an area-based development programme is underway and will contribute significantly to rehabilitating infrastructure for basic services and increasing state presence in areas where the security situation allows.

In **Cameroon**, elections took place without any major outbreaks of violence but they suffered from low voter participation and widespread delays. The EU supported the electoral process through funding for society activities relating to the elections and the training of local election observers.

In **Chad**, improved stability resulting in part from the 2007 political agreement facilitated the holding of parliamentary and presidential elections without any major security incidents. Implementation of bi-lateral cooperation also benefited from the more stable political environment, particularly with regard to, the MDGs, infrastructure and justice.

Educational opportunities for marginalised Somali youth

Strengthening access and participation in secondary education (SAPIS) is an ongoing €4.44 million 36-month project (October 2009-October 2012) targeting marginalised youth in Somaliland, Puntland and the Transitional Federal Government areas in Mogadishu. It led to growth in secondary education enrolment of 23% and 17% in 115 target secondary schools in Somaliland and Puntland respectively during the 2009-2010 academic years with an increase in girls' enrolment of 35 and 18% in Somaliland and Puntland respectively. The educational performance of girls has also improved: in the two regions, 79.7% of the girls graduated from High School in 2011 with a score of Grade C (60% out of 100%) and above in the key subjects, by far exceeding the project's target of 45%. Dedicated ministry of secondary education units in Somaliland and Puntland have supported the programme through payment

of monthly incentives to some teachers, policy guidance and quality assurance; key project decisions being made in the six-monthly steering committee meetings attended by key ministry of education officials. Further, an EU-funded teacher training programme implemented by Save the Children is currently training 390 (229 male and 91 female) secondary school teachers to improve the overall quality of secondary education across the three regions of Somalia.

Kenya - food security for households

The Kenya dairy goats and capacity-building project in the drought-prone districts of Kitui and Mwingi (€1.4 million) aimed to improve the income of poor farmers through increasing livestock productivity, in particular goats, as well as providing training and access to affordable loans. Some 1 750 goats were given to farmers as breeding stock and around 2 000 cross-bred goats were born. The project also trained 168 government officers and 36 shallow wells were dug by families. Around 1 000 households benefited from the project.

Regional Co-operation

EU regional development co-operation is mostly channelled through the regional economic communities and is accompanied by trade relations (e.g. Economic Partnership Agreements - EPAs) as well as political dialogue in the area of peace and security. Given the complex nature of most regional programmes, their implementation is somewhat slower than national ones, meaning that it is yet too early to measure the impact of EU support. Large increases in respective Regional Indicative Programme (RIP) allocations were not matched by similar increases in the capacities of the regional organisations, nor in the staffing of regional Delegations. Delays in concluding EPAs and constraints on execution modalities have also had negative consequences on RIP commitment rates.

The 10th EDF's regional programme allocated an €645 million envelope to Eastern and Southern Africa and the Indian Ocean (2008-2013). This translates into programmes which are proposed, led or coordinated by any of the four regional organisations (RO), namely: the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC) the Intergovernmental Authority on Development (IGAD), and the Indian Ocean Commission (IOC). The strategy remains highly relevant as it focuses on the fastest-growing region in Africa and relates to regional processes such as the tripartite process, the EU partnerships at the AU level, and the Horn of Africa initiative. However, the future configuration of the Eastern and Southern Africa – Indian Ocean (ESA-IO) region might have to be re-considered in line with emerging political priorities and a better matching of the operational configuration which may be required under the 11th EDF.

Alignment of the regional programmes with the Joint Africa-EU Strategy (JAES), new developments in EPA negotiations and enhancement of the Southern African Development Community (SADC), are all required. Weak institutional capacity and a lack of effective procedures have hampered co-operation with SADC for several years, and have limited the extent to which EU assistance could be used. However, towards the end of 2011, SADC and the EU reaped the benefits of several years of intensive work and co-operation to bring SADC's internal procedures up to international standards. External audits showed that SADC's accounting, procurement and audit procedures have improved remarkably, meaning that direct EU contributions to the SADC budget are hence within reach in the years ahead.

Efficiency and effectiveness should be improved given the complexity of regional co-operation. The EU's response should be to reach greater critical mass in its regional integration support.

In Central Africa, the commitment rate (75%) is higher than in most other regions. New phases of existing programmes are underway in the areas of biodiversity (ECOFAC V) and peace and security. Over the years, ECOFAC has successfully raised the visibility of environmental issues in the region and has played a role in preserving the Congo basin's tropical forests. A major regional economic integration (€8 million) programme was also approved in 2011.

In West Africa, a transnational environmental programme (Programme d'Appui aux Parcs de l'Entente, €7 million) was signed – the first large project to be implemented under the 10th EDF. Additional support was also provided to a peace and security project as well as to a regional integration project to improve product quality in the private sector. Overall, the regional programme will strengthen regional inter-connectivity both in the energy and transportation sectors, and will also focus on food security.

Higher education has been firmly placed on the EU-Africa cooperation agenda and partnership. The African higher education harmonisation and tuning initiative, is a good example of the JAES in action. Sixty universities continent-wide started work in November. Despite strong competition from all over the world, African students and researchers are performing well under the Erasmus Mundus programme and in the context of the FP7 Marie Curie programme. The intra-ACP academic mobility programme was launched and initial partnerships have begun.

In the area of research and innovation, some 256 contracts have been signed with Sub-Saharan Africa countries since 2007 with an EU contribution totalling €102 million. The calls launched in 2011 included a study on renewable energy in Sub-Saharan Africa (€1 million) and others on bio-waste and zoonotic diseases. The European Clinical Trials Partnership (EDCTP) continued to receive support.

In the context of the Joint Africa-EU Strategy, a new action plan was drawn up for 2011-2013 with a major focus on capacity-building in the area of science and technology. Under the ACP Research for Sustainable Development Programme, the call for proposals for African Research Grants (€15 million from the 10th EDF) was launched by the AU Commission. The first Africa-EU high level science and technology policy dialogue in Addis Ababa in October reinforced scientific and technological cooperation, coordination and political dialogue.

Sweet success of Malawian farmers

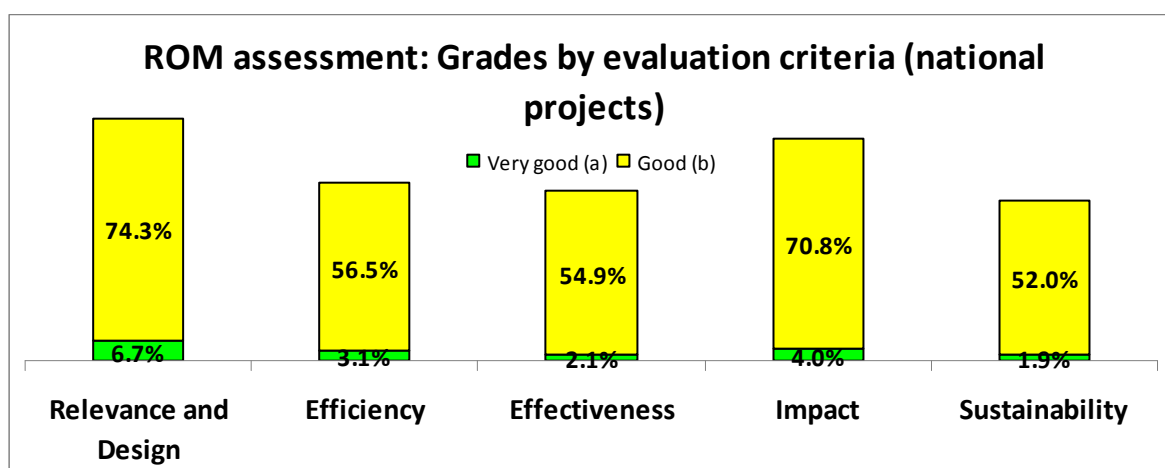
Farming families in Malawi have the opportunity to gain a livelihood selling irrigated sugarcane – a high cash crop – under the Kasinthula Sugarcane Growers Scheme (KSCGS). Continued EU support has enabled accumulated debt to be localised by expanding the scheme to 200 new families from Chikhwawa, one of the poorest districts. KSCGS got underway in 2010 with land preparation and the installation of irrigation equipment. A conservative yield of 100t of cane per hectare is scheduled to bring in gross revenue of €1.3 million per annum from 2012. EU support to the scheme further includes a capacity building programme addressing technical, economic and cross-cutting issues.

2.1.5 Monitoring

Sub-Saharan Africa (including South Africa)

In 2011, 421 on-going national projects, 23 on-going regional programmes and 7 Sector Policy Support Programmes representing a total EU commitment of more than €2.8 billion were reviewed by independent experts in 47 Sub-Saharan African countries (no mission could be organized to Ivory Coast due to the political situation). Additionally, 49 closed projects (ex-post ROM) benefiting of a total EU contribution of €13 million were also assessed.

Table 3:

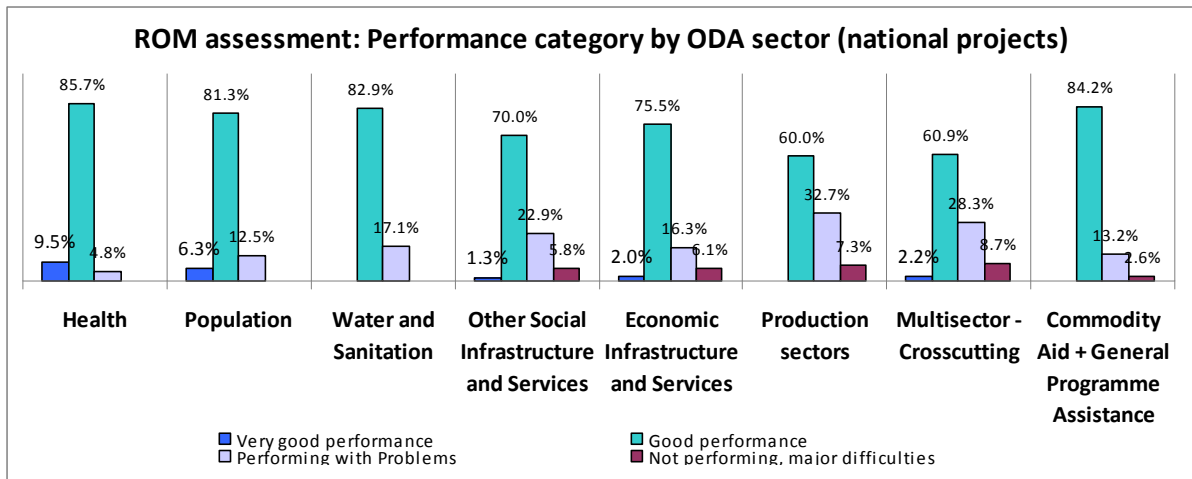


Analysis of the results reveals that 71.5% of national on-going projects perform very good or good, 22.6% of reviewed projects present problems and only 5.9% encounter major difficulties. This represents a major improvement compared to 2010, when only 60% of national on-going projects were performing very good or good and 15% were experimenting major difficulties - although it must be noted that the comparison is not based on the same sample of projects. In terms of assessment of closed operations, 61% of them received good marks.

In general, 81% of assessed projects received very good and good ratings in relation to their relevance and design. Some constraints persist in terms of efficiency (as 40.3% of projects reviewed face problems in terms of input used and implementation of activities), in regards to effectiveness (with 43% experimenting some difficulties in delivering results) and sustainability (46% with problems). However, despite this, potential impact remains very good or good for almost 75% of projects.

As it had been in 2010, also in 2011 sectors mostly concerned by external monitoring were social infrastructure and services (with 223 ongoing monitoring reports produced covering a budget of €952 million) and economic infrastructure and services (49 ongoing reports, €988 million). 71.3% of social infrastructure projects assessed received very good and good marks while for economic infrastructure this figure rises to 77.5%. In both sectors, the rate of projects with major difficulties remains under 7%.

Table 4:



Ongoing national interventions in the areas of health, population and water and sanitation are performing particularly well, with 95.2%, 87.5% and 82.8% of very good and good marks, respectively.

2.1.6 Outlook

The Cotonou Agreement foresees a performance review of the 10th EDF by the Council, together with the ACP States, on the basis of a proposal prepared by the Commission in 2010. A special report was published in September 2011⁴⁰. It contains a summary of 10th EDF programming and results with an examination of the added value of main areas of 10th EDF activities and an assessment of its programme funding. The objective of this staff working paper is to provide a basis for discussions on the future of EU-ACP cooperation, with a view to the drafting of the external action package for the next MFF.

Over the past ten years, the EU has improved its development cooperation performance; modernising its partnerships and financial instruments, putting in place mechanisms to ensure policy coherence and rallying its Member States around shared policy approaches. The report recalls that the ACP-EU partnership is the focus of this renewed development policy. It highlights the 10th EDF's added value by virtue of its programming – with funding earmarked at different levels national, regional and intra-ACP – and its ability to respond to ACP needs.

The report also shows that all the key issues highlighted in the “Agenda for Change” are features of the 10th EDF and provide the basis on which to increase the concrete impact of EU programmes in pursuit of MDG targets: differentiation, an incentive approach, financial leverage, co-financing and good governance.

To overcome the challenge of mainstreaming an innovative continental strategy into existing fragmented financial instruments, and in line with the third Africa-EU Summit commitments, the Commission is proposing that a €1 billion Pan African Programme be set up under the DCI. This will address the JAES in a more structured way and will boost implementation of its successive action plans, with dedicated and significant financing available for initiatives covering the whole African continent. In the meantime, and as agreed by both parties in the last summit, the Commission will set up a flexible, demand-driven technical and

⁴⁰ SEC(2011) 1055, 08.09.2011

administrative support mechanism to improve the functioning of the thematic partnerships of the joint strategy and achieve concrete results.

2.2 South Africa

2.2.1 Introduction

A strategic partnership was established with South Africa in 2006 in recognition of the country's key role both in Africa and globally. Under the partnership, the EU and South Africa co-operate on a broad range of political, trade and economic matters, as well as on issues such as science and technology, the environment and energy. During 2011, further steps were taken to build on the partnership's existing achievements and strengthen ties with the country. The fourth annual South Africa-EU summit was an opportunity to strengthen dialogue and to discuss a number of key issues such as global governance, climate change, trade, development and peace and security in Africa. Given South Africa's strong engagement in conflict prevention and resolution in Africa, the EU and South Africa continued in 2011 to step up their dialogue on peace and security matters and to jointly review respective assessments and commitments. Cooperation was also taken a step further in the fields of mobility and migration, health, higher education, science and technology, ICT and the environment and climate change. In the sphere of space collaboration, the EU and South Africa continued to work towards extending the coverage of the European Geostationary Navigation Overlay Service which is a platform to enhance global navigation satellite system services in South Africa.

2.2.2 Aid effectiveness and donor cooperation

As a contribution to the Busan High-Level Forum, a performance assessment was made in 2011 in South Africa which indicated good progress on development strategies, public financial management and results orientation. It also indicated more could be done on the use of country systems and joint implementation arrangements. Efforts continued in 2011 to improve aid effectiveness. EU+ working groups, cluster workshops of all EU Members assembled under the leadership of the National Treasury provided a forum for sharing experiences and ideas.

The EU was a particularly good performer in using country systems with 87% of its aid so far committed being in the form of budget support. In the spirit of an effective division of labour, an agreement was signed with the UK's Department for International Development (DfID) to deliver technical cooperation as part of the EU's support to the primary health care sector. Plans are underway to further enhance coordination through a jointly-prepared multiannual indicative programme and in the areas of analysis of public financial management, improved predictability of aid flows and evaluations.

Plans are underway to further enhance coordination through a jointly prepared multi-annual indicative programme, joint analytical work in the area of public financial management, improved predictability of aid flows and joint evaluations.

2.2.3 Working towards the MDGs

South Africa is a middle income country but is a young democracy scarred by decades of apartheid and one of the most unequal societies in the world. Overall, South Africa has

advanced in meeting the MDGs, especially in relation to poverty reduction (MDG 1) and education (MDG2). Progress on health/HIV (MDGs 4, 5 and 6) is still very much lagging behind, mainly due to the spread of the HIV epidemic. There has been satisfactory progress on gender equality (MDG3).

During 2011, the MDGs received heightened attention in parliamentary debates. There has also been a focus on addressing the HIV/AIDS pandemic, as well as on the quality of education and health services. The rise in unemployment in recent years is likely to have a negative impact on the MDGs in the future. The EU is supporting South Africa to achieve the MDGs in the areas of employment, education and health as well as through a new programme to assist the national development policy in addressing job-related issues and improved service delivery.

2.2.4 Implementation and results

Development co-operation with South Africa continues to be marked by the objective of ensuring that support brings value added through innovation, pilot programmes, capacity development and the sharing of skills and knowledge. Several programmes were approved in 2011: a €250 million national development policy support programme to help implement the national development strategy, €5 million contribution to the broadening of the on-going legislative sector policy support programme to regional and international arenas, a €5 million top-up to the Erasmus Mundus Programme and a further €5 million contribution to the EDULINK II higher education programme.

At the end of 2011, €720 million or 73% of the total 2007-2013 envelope for South Africa (€980 million) had been committed with programmes supporting employment, capacity development, governance, regional cooperation and dialogue. 2011 was a record year for payments with €139.7million disbursed. There was progress in a number of areas including implementation of a dialogue facility to continue the momentum in South Africa/EU exchanges with a number of activities on green jobs, taxation, health, and ICT. The legislature programme has been implemented smoothly with a second consultative conference focusing on the MDGs, and steps taken to improve parliamentary oversight through local and regional public accounts committees. The innovation for poverty alleviation programme and access to justice programmes are starting to yield results.

Budget support programme improves access to justice

Improved access to justice for vulnerable and marginalised groups, and enhanced participatory democracy have resulted from a budget support programme for the sector. Eighteen new community advice offices and 382 equality courts have been set up to examine unfair discrimination cases. Training sessions have taken place for over 9 000 officials and five radio talk shows reached 20 million listeners. Over 10 400 refugees, asylum seekers and undocumented migrants benefited from community support services and 183 civil society organisations participated in public policy dialogue.

In the social sectors, the primary education programme (PrimEd) was formally launched and results already seen in its foundation phase: the provision of teacher education materials; research in the area of early childhood education; and an expansion in the number of universities offering teacher training at foundation level (up from 13 to 20). The primary health care programme (PrimCare) has been approved and officially launched during a visit of

Commissioner Piebalgs. Its results include a new aid effectiveness framework for better coordination, exchanges on the proposed national health insurance system, and timely personnel and asset management improvements.

Building on the successful implementation of a range of sectoral budget support interventions, and acknowledging the mid-term review conclusions that recommended the consolidation of such programmes, the Commission approved in 2011 a general budget support programme for South Africa – the national development strategy support programme (NDSP). The NDSP envisages a judicious combination of budget support and targeted capacity development and provides a strong platform upon which the EU can continue to pursue meaningful and substantive dialogue around key policies of mutual interest in the areas of service delivery, public financial management in sub-national levels of government and inclusive growth.

Under the MIP, the main aid delivery modality in South Africa has been budget support. This approach has shown impressive results in promoting dialogue and enhancing the government's focus on results. It has led to improvements in clean water, capacity of the judiciary, legislative oversight and job creation.

Innovation creates jobs

The Innovation for poverty alleviation budget support programme is helping to set up pilot activities in the science and technology fields – especially in high risk rural areas – to create jobs and reduce poverty. The provision of seed funding to test new applications for commercialisation has created new jobs. The programme's results so far include: 730 new jobs, assistance for 1 760 research and vocational trainees, 22 new small and micro businesses and the installation of wireless networks in 182 schools and colleges in rural areas.

2.2.5 Monitoring

An independent results-oriented monitoring mission took place in 2011 to assess the quality of 19 projects and programmes covering areas as diverse as governance, justice, rural development, and urban development. Eleven of the projects were considered to be performing well while eight were assessed as performing with problems but without serious deficiencies. While there is not a large difference in the scores for the five criteria (relevance, efficiency, effectiveness, impact and sustainability), on average the efficiency criterion received the highest assessment and the sustainability one, the lowest.

2.2.6 Outlook

The EU will continue to implement existing programmes in the areas of employment, capacity development, governance, regional cooperation, and dialogue. The new national development policy support programme, to be launched in 2012, will address the key themes of job creation, improved service delivery, the environment and public financial management. Future programmes include a possible investment facility which will blend grants and loans with the involvement of South African and European development banks. People-to-people contacts, dialogue, exchange of knowledge and tri-lateral cooperation will continue to be promoted in the context of the SA-EU strategic partnership. A Joint Declaration between the EU and South Africa on enhanced cooperation in education and training is to be signed in May 2012. There are also plans following the Busan outcome document to assess and conclude an agreement at country level.

One of the most important activities in 2012 will be the preparation of the 2014-2020 multiannual indicative programme which will be concluded jointly with the South African government based on the partnership's past performance and on the government's current programme. Of particular importance will be the debate in South Africa on the proposed long-term national development plan.

2.3 Intra-ACP programmes

The 2011 annual action programme for intra-ACP cooperation under the 10th EDF, benefiting all ACP States, was approved in December 2011. It consists of 14 programmes in the fields of health, climate change, trade and private sector development, agriculture and rural development amounting to €169 million.

The package includes a €15 million contribution to the global fund to fight AIDS, tuberculosis and malaria and €10 million for the partnership for strengthening pharmaceutical systems and improving access to quality medicines in African nations. The latter programme aims to develop, implement and monitor national drug policies, increase equitable access to essential medicines. It also seeks to guarantee their quality, safety and effectiveness through drug regulation and a more rational use of medicines by health professionals and consumers.

In the area of climate change, €37 million have been allocated for the monitoring for the environment and security in Africa (MESA) programme. MESA addresses the need for improved satellite and land-based earth observation monitoring, analysis and diffusion of information to assist environmental protection, climate and food security policies and programming and decision-making in four regions of Sub-Saharan Africa.

In the field of rural development, the EU has allocated €20 million to the intra ACP agriculture policy programme. Its aim is to enhance the ability of regional agricultural development organisations in the developing states of the Caribbean and Pacific regions to address the development needs of smallholder farmers.

A new €9 million programme under the 10th EDF is supporting the air transport sector and satellite service applications. Its objective is to contribute to the harmonisation of aviation safety and aviation security regulations at both regional and national levels, mainly through technical assistance, training and equipment.

The newly-launched programme with €15 million from the 10th EDF will help ACP countries deal with technical barriers to trade. Its objective is to improve ACP exports and ensure proper protection of their citizens.

The Commission approved a €10 million contribution to the 'consolidation of the participatory slum upgrading programme' mounted with UN-HABITAT which aims to address some of the problems created by one of the century's huge challenges, the transition to urban dwelling. Slums in ACP countries have resulted from rapid and high rates in a context of economic decline and urban impoverishment. Without relevant policies and concrete urban action, the global population of slum dwellers is expected to reach 1.4 billion globally in 2020.

For over 20 years, the activities of farmers and farmers' organisations in ACP countries have also been enhanced by the Technical Centre for Agricultural and rural Cooperation (CTA)

which has a €16 million budget from the EU for its activities 2011-2015. CTA's new strategic plan, has the following goals: conducive agricultural policies in ACP regions, the setting up of profitable smallholder value chains and improved information and communication and knowledge management capacity in ACP organisations.

CTA-led activities in 2011 include the organisation of an international conference on rural extension in Nairobi in November on current policies, thinking and practice, successes and failures of ongoing and past reforms and advisory services⁴¹. In view of the success encountered by the Brussels Development Briefings organised by the CTA, targeting the wider development community in Brussels⁴², CTA has organised similar briefings in ACP regions since 2010, with more planned for 2012.

The annual action plan also includes a decision to finance the 2012 budget of the Centre for the Development of Enterprise (CDE). This joint ACP/EU institution remains one of the most important channels through which the Commission supports the private sector at the intra-ACP level. The CDE works at both meso and micro levels to provide non-financial services to small and medium enterprises and intermediary organisations representative of the private sector. CDE's objectives are: facilitating ACP-EU business partnerships; developing enterprise support services in ACP nations through capacity building with private sector organisations and service providers; assisting investment promotion activities and organisations and improving; technology transfer and management skills.

In the science sector, 33 projects are ongoing under the ACP Science and Technology (S&T) programme which aims to strengthen the internal science and technology capacity of all ACP countries. A new €20 million ACP science and technology decision has been signed.

To accelerate achievement of the MDGs, EU-supported international research and research capacity building in the developing world has intensified, especially in Africa, where an Africa-EU high level policy dialogue on science, technology and innovation was inaugurated in Addis Ababa in October.

At the day-to-day level, the ongoing €20 million ACP research for sustainable development programme generated a call for proposals of €7 million from its African research grants component which targeted MDG-related research in agriculture, renewable and sustainable energy and water and sanitation. There will be a €7 million call in 2012 and the overall programme is expected to evolve into a durable pan-African research framework programme.

Another ACP capacity-building initiative, the 10th EDF ACP Science and Technology programme, was expected to lead to a €23 million call for proposals in the first half of 2012, targeting MDG-related agriculture and food security and energy access and efficiency. At the same time, satellite technology, which has a vital role in enhancing crop/fisheries management, controlling the spread of poverty diseases and responding to environmental challenges, was given a boost with the adoption of the €37 million monitoring for environment and security in Africa earth observation programme.

⁴¹ <http://extensionconference2011.cta.int/>

⁴² <http://brusselsbriefings.net/>

On sustainable fisheries, the ACP FISH II Programme is a 4-year programme financed by the EDF which aims to improve fisheries management in ACP countries so as to ensure that the fisheries resources belonging to these countries are exploited in a sustainable manner.

Turning to water, the 10th EDF ACP-EU water facility (€12 million) approved proposals to support water governance, resources management and sustainable development of water infrastructure, with further projects to target increased access to sanitation in urban and peri-urban areas. A pool funding mechanism was also launched.

The energy facility concentrates on improved access to energy services, energy management and governance, while focusing on renewable energies and efficiency. The first energy facility (€20 million) funded 71 activities in rural and peri-urban areas of the ACP region. These projects are now either entering their final phase of implementation, or were closed in 2011. A mid-term evaluation was undertaken and confirmed the added value of the energy facility and its positive impact on people. In 2009, a second energy facility was granted €200 million with the aim of combating poverty through provision of energy services. A first call for proposals (€100 million) led to the selection of 66 projects which started up in 2011.

An innovative blending instrument – a pooling mechanism – has also been launched by the Commission under the energy facility with a €40 million sum made available. Other donors (development banks, national agencies, IFIs) are expected to pledge resources. This new mechanism was conceived as a flexible tool to enhance private sector participation, maximise the impact of the energy facility grants and to better coordinate at EU level available resources and expertise in the sector. An initial project to foster access to modern energy services in West Nile rural Uganda has been submitted by the KfW bank group.

In the area of environment and space applications, within the framework of the African Monitoring of Environment for Sustainable Development programme (AMESD), the Commission has developed a data-processing platform, named 'eStation', to streamline environmental information provision from satellites to support policy formulation and implementation. The system has been installed in all Sub-Saharan countries.

3 Overseas Countries and Territories (OCTs)

Introduction

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

In 2009, the Commission published a communication⁴³ suggesting more focused cooperation, concentrating on issues of mutual interest and narrowing the scope of co-operation accordingly. Three central objectives have been identified: to enhance the competitiveness of the OCTs, to strengthen their resilience and reduce their vulnerability and to promote cooperation between OCTs and their regional, European and international partners. The

⁴³ COM(2009)623 final, 06.11.2009

communication is guiding further work on replacing the current overseas association decision when it expires in 2013.

Issues covered include: regional integration, the principal challenges and the opportunities of each OCT, identification of their potential, their level of competitiveness, and possible adaptation of the rules of origin, and possible financing mechanisms. All of these were examined in the impact assessment exercise the Commission carried out in 2011. An impact assessment was also carried out on the renewal of the Council decision on relations between the EU, Greenland and Denmark.⁴⁴

In 2011, the Commission adopted its proposals for the 2014-2020 for the OCTs which foresee €17.8 million under the general budget for the partnership with Greenland and €43.4 million under the 11th EDF for the other OCTs⁴⁵.

During 2011, the Commission held several meetings with the OCTs and their related Member States and pursued political dialogue on the modernisation of the association. At the annual OCT-EU forum in March 2011, the OCTs and the four EU Member States concerned addressed a jointly-prepared paper to the Commission on the future of the association of OCTs with the EU. The Commission also undertook a series of technical initiatives in preparing its legislative proposals to revise the overseas association decision. Furthermore, the Commission organised six tri-lateral meetings with OCTs and the Member States and three partnership working parties on trade, environmental issues and on the future of EU-OCT relations.

Implementation and results

Atlantic and/or isolated OCTs

During 2011, EU cooperation with **Greenland** continued to support the education sector with disbursement of €7.2 million and a new commitment of €8.4 million. It has helped to increase student intake in post-elementary education and provide vocational training for unskilled workers and support for the government's education sector reforms.

For the other Atlantic OCTs – St. Pierre and Miquelon, Saint Helena, Ascension and Tristan da Cunha, and the Falkland Islands – implementation of budget support programmes began in 2011 with the completion and approval of the programming documents and the subsequent financing agreements for St. Pierre and Miquelon, Saint Helena, Ascension and Tristan da Cunha. In **Saint Pierre et Miquelon**, the programme aims at enhancing the economic development of the territory and promoting the diversification of its economy through general budget support totalling €20.7 million. The Commission is proposing to continue its support to transport infrastructure in **Saint Helena, Ascension and Tristan da Cunha** with a total of €16.6 million. The programming process in the Falkland Islands is expected to be completed during 2012.

Pacific & Indian Ocean OCTs

⁴⁴ COM(2011)846 final, 07.12.2011

⁴⁵ COM(2011)837 final, 07.12.2011 and COM(2011)846 final, 07.12.2011

In 2011, the Commission completed the programming process for **New Caledonia** with the approval and signature of the programming document which foresees sector budget support of €19.8 million for vocational training.

In other OCTs of the Pacific, the Commission worked on the completion of its programming document in **Wallis and Fortuna** where it intends to launch projects to support capacity building and transport infrastructure (€16.5 million). In **French Polynesia**, the finalisation of the Commission's programming document is on course with a view to mounting projects in the areas of capacity building and, water and sanitation (€19.8). The Commission pursued discussions with **Pitcairn** and the EU Delegation in Fiji to finalise the 10th EDF package for the territory (€2.4 million). Concerning **Mayotte**, the Commission continued discussions with the territorial authorities and the EU Delegation in Mauritius over the foreseen budget support under the 10th EDF (€22.9 million).

In 2011, the Commission also approved two financing decisions of €2 million and €1.1 million respectively for French Polynesia and Wallis and Futuna for reconstruction of infrastructure following the damages caused by the Cyclones Oli and Tomas, financed out of the 'B' envelope.

Caribbean OCTs

In the former **Netherlands Antilles** (Curacao, St. Maarten, Bonaire, St. Eustatius and Saba), the Commission worked on finalising the 10th EDF programming document which foresees support for infrastructure: urban infrastructures for socially deprived areas of Curacao and Saba, improvements to sewerage in St. Maarten and Bonaire and port development in St. Eustatius totalling €24 million. The Commission completed in 2011 its programming document for **Aruba** which earmarks funds for education (€8.9 million). The 10th EDF's resources for **Turks and Caicos** (€1.8 million) will be used for infrastructure and macro-economic reforms, as well as post-disaster rehabilitation. The 10th EDF allocation for **Anguilla** (€1.7 million) will help implement the government's medium-term economic strategy 2010-2014 (MTES) via general budget support. The 10th EDF allocation to **Montserrat** (€15.7 million) will support the territory's sustainable development plan (SDP) and the sustainability roadmap through general budget support.

Regional Programme

Approval was given in 2011 for the programming document which sets out the regional cooperation strategy with the OCTs under the 10th EDF (€40 million).

4 Latin America & the Caribbean

4.1 Latin America

4.1.1 Introduction

Progress was made throughout 2011 in implementing the outcomes of the EU-LAC Madrid summit, held in May 2010. Work continued on negotiating comprehensive agreements, the first ever region-to-region Association Agreement was concluded with Central America, and a multi-party trade agreement was initiated with two of the Andean American countries, Colombia and Peru.

In 2011, four rounds of negotiations on the EU-MERCOSUR association agreement took place in Brussels, Asuncion and Montevideo. Considerable progress was achieved during negotiations on all chapters of the normative part of the agreement. A timetable for negotiations in the first six months of 2012 was agreed upon.

The EU-LAC Foundation's headquarters in Hamburg, Germany, were inaugurated in November. Benita Ferrero-Waldner was appointed as its president and former Peruvian Ambassador to the EU, Jorge Valdezas its executive director. It was expected to begin work in 2012.

The Latin American Investment Facility (LAIF) continued its successful implementation. Two operational boards were organised in 2011, giving approval to three projects and provisional approval to one. The second LAIF forum was organised in El Salvador to further promote the initiative and draw attention to its opportunities. The implementation of the Madrid Action Plan has also seen considerable progress.

Preparations for the forthcoming EU-LAC Summit – due to take place in Santiago de Chile in January 2013 – are underway. The summit's main theme, "An alliance for sustainable development: promoting investments of social and environmental quality" seems particularly relevant to the EU-LAC Partnership. Three EU-LAC senior officials meetings have taken place in the run up to the summit. A number of specific preparatory events to be co-financed by the EU have been identified, notably on ICT, investment-related issues and civil society.

The EU-LAC structured dialogue on migration continued. The Fifth high level meeting on migration took place in May in Brussels and covered issues related to regular migration and integration. The thirteenth High Level meeting of the EU-LAC Coordination and Cooperation Mechanism on Drugs was held in June in Bogota, Colombia. Several meetings of the subsidiary technical committee took place in Brussels between May and November. The sixth High Level Meeting on migration will take place in 2012 and will be devoted to migration and economic growth.

Security continued to be one of the main priorities on the EU agenda with the LAC region. The EU took part in the international conference on Central American security issues, held in Guatemala City in June. A new Central America regional strategy on security was adopted with EU follow-up through the Group of Friends mechanism bringing together all donors active in the sector. The EU will support some pillars of this regional strategy through its regional cooperation with Central America. Dialogues on security have been launched with both Central America (in February) and Mexico (in July).

The fifth EU-Brazil Summit took place in Brussels in October, confirming the buoyant state of the relationship and the willingness on both sides to further strengthen the strategic partnership. It was the first EU-Brazil summit co-chaired by President Rousseff. Leaders highlighted the cultural and historical proximity of both parties, but above all, the proximity of values which enable the two sides to work more effectively together both bilaterally and in the multilateral context. Letters of intent were signed on cooperation between the Commission and Brazil in the fields of space, tourism, and science.

In the context of existing contractual frameworks with individual Latin American countries, association councils took place with Chile and joint committees with Central America, Brazil

and Mexico. Political consultations were held with privileged partners including the United States, Canada and Russia. In addition to a discussion on overall policy towards the LAC region, the meetings discussed important issues such as security, trade and investment and regional integration, as well as – where appropriate – specific country-related matters. Bilateral and regional projects and programmes totalling €351 million were financed for Latin America in 2011 out of the DCI.

4.1.2 Aid effectiveness and donor coordination

The widely varying levels of dependency on Official Development Aid (ODA) in Latin America reflect the different degrees of development of the continent's nations. In a few countries (Nicaragua, Honduras, Bolivia), ODA is higher than 4% of GNI and for others (Colombia, Peru, Uruguay), it is less than 0.5%⁴⁶. However, due to sustained economic development and the reduction of international cooperation flows, the overall trend is towards a reduction.

Increased commitment towards aid effectiveness has been observed with an increased number of countries (14) having adhered to the Paris Declaration and its monitoring. Latin American countries are also strongly represented in various international instances of the aid effectiveness agenda. In April 2011, a regional workshop on division of labour was hosted by the ministry of planning and external cooperation of Honduras, in Tegucigalpa, notably in view of the EU's fast-track initiative on division of labour. During the workshop development partners insisted on the importance of increasing the authority of their respective country offices and recommended that partner countries increase their mid-term planning and strategically manage international cooperation.

Some of the emerging economies in the region are not only aid recipients but increasingly becoming aid providers. However, their specific situation – a high level of inequality in the distribution of revenues and social exclusion – should be better taken into account in any decisions to reduce aid. In addition, the potential of South-South and triangular cooperation is highlighted. A number of partners in Latin America, namely Brazil, Mexico and Chile, are specifically interested in triangular cooperation with the EU.

EU Delegations continued their pro-active role in promoting overall aid effectiveness agenda and fostering policy dialogue with partner governments through regular participation in donors/governments/civil society platforms and support to partner governments' own coordination initiatives.

Aid effectiveness continues to improve across the region. In Ecuador, the EU Delegation was the donor focal point for the 2011 OECD-DAC survey on the implementation of the Paris declaration. In Colombia, a joint mission of the EU heads of cooperation on the very important issue of land restitution was carried out in the Chocó department in June 2011. Sweden, Netherlands, Spain, Great Britain, Poland and France participated. Since most donors are launching new initiatives in the field, a second joint mission took place in November 2011 to gather at first-hand, experiences of land restitution and formalisation.

Social cohesion programme in El Salvador – ‘Comunidades Solidarias’

⁴⁶ <http://www.aideffectiveness.org/busanhlf4/en/countries/latin-america-and-the-caribbean/644.html>

The newly-launched (€17.4 million) social support programme, “*Programa de Apoyo a Comunidades Solidarias en El Salvador (PACSES)*” follows on from a previous EU-funded budget support programme, “Poverty Alleviation Programme in El Salvador (PAPES)”. The programme was drawn up in close cooperation with international cooperation agencies (AECID and Lux-Development), who agreed a common matrix of objectives and indicators. It is the first programme of its kind both in the country and Central America and could be replicated elsewhere. In addition to the Commission, Spain and Luxembourg, it is also supported by KfW, the WB, the Inter-American Development Bank (IADB), USAID, Italian Cooperation and JICA.

4.1.3 Working towards the MDGs

Progress on reaching the MDGs over the last year has taken place in the context of a global economic crisis which could jeopardise improvements already made. Previous scenarios have anticipated that if 1990-2008 trends were maintained, poverty would halve in Latin America by 2015. However, in the current situation, it is reasonable to expect that the economic crisis will have a significant impact on poverty levels in the region, known as one of the most inequitable in the world with an imbalance between economic growth and poverty reduction. Most of the region’s countries are experiencing difficulties in maintaining current levels of public spending and in responding to emerging needs either directly or through social protection mechanisms, in order to cushion the negative effects of the financial crisis.

Latin America met the MDG⁴⁷ related to hunger reduction. However, malnutrition is a significant problem in a number of countries, putting at risk the achievement of MDGs 1 and 4.

Supporting Peru in tackling malnutrition

The EU has contributed €60.8 million for the implementation in Peru of the “*Programa Articulado Nutricional*” (PAN) following a constructive and open dialogue with the government. PAN aims to reduce chronic malnutrition and fight poverty. Since its launch, the programme has brought about positive changes: between 2007 and 2010, chronic malnutrition in children under five years of age has been reduced from 25.4% to 17.9% with a higher rate persisting in rural populations (-5.6%) than in urban areas (-1.7%).

While the average rate of malnutrition in Latin America is around 16%, there is a high rate of chronic malnutrition in Peru among the under-fives, varying from 25% at national level to 47% in areas of extreme poverty. Its causes are a shortage of quality food and poor feeding practices, combined with inadequate sanitation and living conditions.

This region is also on track to meet the child survival and gender equality targets. However, progress has not been as outstanding in other areas including environmental sustainability, education, health, and poverty reduction.

Paraguay: poverty reduction

Poverty rose in Paraguay between 2005 and 2006 by more than five percentage points and then declined steadily in 2009 when 35% of the total population was considered to be living

in poverty. While the incidence rate of total poverty fell by about three percentage points (from 38% in 2008 to 35% in 2009), extreme poverty remained at 18.8%. One of the reasons for the high levels is the unequal distribution of income among the population. In the framework of the MDGs, the Commission provided €31 million for a social development public policy support programme whose main aim is to contribute to reducing poverty and inequality among the Paraguayan population. The programme has strengthened dialogue and the co-operation between public entities resulting in improved social protection. Furthermore, a social equity fund (FES) has been implemented. Technical assistance was given to develop a solid national social development plan.

Unequal access to quality health services is a major obstacle in Latin America to overall health improvements, as well as economic and social development. This is reflected across health indicators, but especially those for maternal and child health, which have been slow to improve among poor, rural, or otherwise marginalised groups. Trends in fertility and contraceptive prevalence rates for the region overall are positive, but large pockets of unmet needs exist for family planning and reproductive health services.

4.1.4 Implementation and results

Bilateral co-operation

To strengthen social cohesion and promote reconciliation, the EU is financing (€2 million) a “Place of Memory” in **Peru**, which aims to offer all Peruvians a space for reflection on the causes and consequences of the period of Peru's internal armed conflict (1980-2000) and encourage peace and reconciliation. In **Colombia**, a crucial law on victims' reparation and land restitution was approved in June 2011. The EU is contributing to this key process through the financing of a project (€3 million) which supports the implementation of the land and rural development policy at local level. In **Uruguay**, a €5 million project was launched to back the reform of the penal and penitentiary justice systems and improve respect for human rights in national detention centres. In **Paraguay**, a €31 million programme to improve the economic inclusion of the poorest and most vulnerable in the population was approved.

In 2011, a major poverty reduction programme was approved for **Honduras**. The 'water and quality sectoral budget support programme – PAPSAC' (€42.1 million) seeks to improve provision of basic water and sanitation services which are key to developing and improving the living conditions of the poor, in particular in rural areas. It also aims to enhance the quality of agri-food products, thereby increasing the country's capacity to access external markets and generating more revenue for producers. Support for these two sectors will contribute to the achievement of MDGs 1 (1B: job creation) and 7 (7C: improved water and sanitation coverage). 2011 also saw the approval of another highly relevant programme for Honduras in the area of human rights. Its aim is to put in place a public policy and action plan in the area of justice and human rights in conformity with international standards and strengthen key institutions involved in the promotion and protection of human rights. At the same time, it aims to develop mechanisms for co-ordination and exchange of information between public institutions, civil society and donors and harness synergies between them for appropriate monitoring of human rights in Honduras and the implementation of national and international recommendations. The goal of improvements in respect for human rights, and in the security and justice sector as a whole, remained at the top of the EU agenda in other countries of Central America too. The €13 million "*Programade Seguridad Ciudadana*"

(PROSEC) was approved for **Costa Rica** to support the national security strategy and contribute to the country's public security reform.

In **Guatemala**, the EU confirmed its continuous appreciation of the work of the international commission against impunity in Guatemala (CICIG) and approved an additional €4 million for its extended mandate until September 2013. The democratic processes in **El Salvador** also received EU financial support in 2011: a project aimed at strengthening citizens' participation and the country's electoral institutions was approved and contributed to 'residential voting'. Another programme, "*Comunidades Solidarias*", is improving the social conditions of the poorest (see insert). In **Nicaragua**, a €2 million project which aims to improve learning conditions in primary and secondary education was launched, while a €5.2 million was committed to enhance **Argentina's** participation in the Erasmus Mundus Programme.

The first EU-**Brazil** meeting of political dialogue on education took place in November, and aims to improve international academic mobility, the development of transparency tools and cooperation projects. A high-level seminar is planned for early 2013.

Sectoral policy dialogue is underway with **Mexico** in the field of higher education and culture. A comparative joint study on the internationalisation of higher education was launched in December and will be completed in autumn 2012. A call for proposals focussing on culture was launched in 2011, and specifically on Mexico.

EU development funds for Mexico saw some serious cuts in 2011. Two projects have been withdrawn from the programming period 2007-2013, namely support to higher education (€4.95 million) and to the sustainable economy and competitiveness (€8.25 million). The remaining €1 million will focus on enabling cooperation in the key priority area of social cohesion.

Promoting human rights in Mexico

The EU-Mexico human rights project (EU contribution €350 000) ended in 2011 having supported different initiatives at federal level such as: legislative reform on the use of force in Quintana Roo and Campeche; legislative reform and public policies regarding the indigenous interpreters in Yucatan; the drafting of a proposal of the National Registry of Complaints against torture and the drawing up of protocols with regard to gender violence in Campeche.

A €7.5 million programme was approved for the private sector in **Argentina** to encourage local economic development. Following the conclusion of negotiations leading to the trade agreement between **Colombia** and the EU in May 2010, in the margins of the EU-LAC summit in Madrid, a joint declaration was signed providing EU support of up to €30 million over seven years for the Colombian dairy sector. In this context, a programme to support the dairy sector (€8.6 million) was approved in 2011. In **Bolivia**, a €35 million programme was adopted for increasing financial inclusion and setting up appropriate fiscal and financial instruments, particularly for small business.

In the **Central American region (CA)**, two projects were approved: one to support Central American economic integration and the implementation of the EU-CA Association Agreement (€10 million), and another (€20 million) to contribute to socio-economic development in the Gulf of Fonseca, a region of high socio-economic interest and known for its vulnerable borders shared between Nicaragua, Honduras and El Salvador.

In line with its commitments in the area of environment and climate change, the Commission adopted a €7 million programme to apply adaptation measures to combat the effects of climate change in the Andean Community, a particularly vulnerable region. In **Nicaragua**, €8 million were assigned to a project aimed at fostering the sustainable development of the wood value chain.

Budget support financed programmes represent almost 75% of bi-lateral co-operation in Latin American. During 2011, seven new budget support financed operations were approved with an overall value of €178.5 million. All budget support operations in Latin-America concern sectoral policies. Budget support financed programmes in Nicaragua are still suspended following a decision by the Commission and other EU donors in January 2009 in the wake of the municipal elections of November 2008 which were deemed to be flawed.

ALFA III: "Kick Start - Key Initiatives in the Commercialisation of Knowledge – Ways to teach innovation"

The KICKSTART (www.alfa-kickstart.org) project is creating a network of academic entrepreneurship and knowledge transfer to spur innovation. Innovation has become a key to policy-making at all levels, not only within governmental and inter-governmental bodies but also within companies and public institutions such as universities. The new project aims to strengthen and expand the network. With the involvement of local stakeholders, three one-year innovation support programmes are being set up in Bolivia, Colombia and Peru, as well as the designing of an international master's programme in innovation. The consortium running the programme is also producing books and tools, a web portal and a series of conferences under the theme "Innovation Support in Latin America and Europe. What has been achieved?" The programme's results so far: 90 innovation projects have been generated; a total of 600 researchers participated in related workshops; 75 trainers have been trained in how to teach innovation; three pilot centres have been established in Colombia, Peru and Bolivia with a total of 450 participants; an innovation market place was organised in Scotland with over 150 participants from Europe and Latin America and an innovation awards programme for Latin America has been successfully launched.

URBAL III –“Fronteras Turísticas”

Located in the Andean border region, “Fronteras Turísticas” (EU contribution – €1.9 million) is a tourism promotion programme between sub-national governments in northern Argentina, Central and Southern Bolivia and southern Peru, co-ordinated by the province of Frosinone, Italy. It is improving regional competitiveness in the tourism sector, by fostering heritage tourism and cultural identity. By integrating Hispanic and colonial routes and creating the Aymara ethno-ecotourism tourist corridor, the destination now has a strong identity. The programme has also built Latin American and European partnerships leading to agreements between travel agencies and the promotion of more than 100 tourist sites. It has further trained 250 young local people as tourist guides and 60 technicians from local government administrations in inter-regional tourism development and has set up eight IT centres to promote the area. A dedicated marketing website and funds to enable participation in at least three tourism fairs in both Latin America and Europe are helping to market the brand.

AL-Invest IV: ‘The "Jeweller from Lambayeque’ receives presidential prize

Assistance from the EU’s AL-Invest programme has helped Peruvian jewellery maker, Ignacio Puicón, to become competitive and go global. Such achievements for his company, ‘MCP Joyería’, seemed out of the question only a few months ago when his sales were limited to the local market. Participation in AL-Invest – along with Ignacio’s creativity and entrepreneurial spirit and – has played a part in his success by enabling training in design business management and export procedures. By participating in an international jewellery business group (nucleo empresarial) and international fairs, Ignacio developed a collection which is now sold in Sweden and Ecuador. In 2011, his company received the Prize of the President of the Republic of Peru for the best SME in the crafts category.

Several regional projects for Latin America continued in 2011. They include: the cooperation programme of high level scholarships for Latin American students and young professionals (Alban) and ALFA III, a cooperation programme between the EU and Latin America on higher education. AL-INVEST IV continued to promote Latin American SMEs in the global market and @LIS 2 (alliance for information society) pushed ahead with Latin America’s integration into the global information society. EURO-SOLAR is assisting rural communities without electricity in eight countries (Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay and Peru) and is providing access to renewable electric energy. Other ongoing programmes are Erasmus Mundus which is promoting exchanges between European and Latin American higher education institutions, COPOLAD, a programme on anti-drugs policies and EUROCLIMA, a successful EU-LA programme on climate change, as well as a € million project on migration focused on improving data collection on migration flows, strengthening migration institutional structures and policies and promoting alternatives for the use of remittances.

EUROCLIMA programme: Soil Action

Soil degradation can lead to massive release of greenhouse gases. The new ‘Soil Atlas of Latin America’, developed under the EUROCLIMA programme, helps an understanding of the soil degradation processes, by updating the cartographic information of Latin American soils. It also contributes to assessing the impact and potential of soils in climate change mitigation and consequently improves food security. The network of soil scientists is helping to strengthen scientific cooperation among Latin American and European soil scientists. The overriding aim of EUROCLIMA is to increase knowledge about climate change problems and their consequences in Latin America. Through cooperation with the UN Economic Commission for Latin America and the Caribbean (ECLAC) and the European Commission Joint Research Centre (JRC), EUROCLIMA is playing a crucial role in helping the Latin American scientific community and decision-makers boost and exchange knowledge on climate change with a view to integrating the science in development policies and sectoral strategies.

EUROSOCIAL: Promotion of fiscal education in El Salvador

The need to provide the state with necessary resources to ensure a sustainable and inclusive development of the society is a major challenge in Latin America. The regional programme for social cohesion in Latin America, EUROSOCIAL is promoting

efficient and fair fiscal policy and supports Latin American governments in their efforts to transfer economic prosperity to the whole of society. Under EUROSOCIAL, El Salvador's ministries of finance and education, in collaboration with the federal administration of public revenue of Argentina, have implemented a programme for fiscal education in El Salvador. It is aimed at increasing fiscal culture within the population through the introduction of fiscal education in the official primary and secondary curricula. In 2011, the programme was awarded the prize of the President of the Republic for best quality in practice. On the basis of the programme, the government has introduced a policy to cultivate fiscal awareness in El Salvadorians and make them responsible citizens, conscious of their rights and obligations. The programme has fast become a reference in the region.

The FLEGT South America project aims to create an enabling environment and increase South America's capacity to develop initiatives to reduce illegal logging and bring the timber trade in line with EU FLEGT objectives. There is a particular focus on exports to the EU from Brazil, Colombia, Ecuador and Peru. In 2011, new phases of the Latin America Investment Facility (LAIF) and Erasmus Mundus Action 2, strand 1 programmes were also launched for Latin America countries.

In the field of research and innovation, some 244 contracts have been signed with Latin America and 15 with the Caribbean since 2007, with EU contributions of €6 million and €2.7 million respectively. Under the EU-LAC joint initiative for research and innovation, a regular science, technology and innovation dialogue has been established with the first senior officials meeting taking place in March 2011. It adopted a roadmap and set up four thematic working groups to implement the initiative and encourage joint cooperation.

4.1.5 Monitoring

In 2011, 21 ROM missions (18 country missions and 3 Regional programmes missions) examined projects in all 18 countries in the Region. A total of 173 ongoing projects were monitored including bilateral, regional, sub-regional projects and sector policy support programmes (SPSP). Two SPSP were monitored: in Honduras and in Paraguay.

The total value of ongoing projects monitored amounts to €546 million, which represents 34% of the overall value of ongoing projects in the Region. In addition, a total of 43 completed projects were monitored *ex-post* with a total value of €262.5 million.

As the table shows, 78% of projects in Latin America are performing well or very well (categories I and II), while 17% have some problems and 5% experience major difficulties (categories III and IV). The percentage of projects doing well or very well has increased from 76% in 2008 to 78% in 2011, though lowering from 85% (2010). The number of projects facing difficulties fell from 24% in 2008 to 22% in 2011 though increasing from 15% to 22% with reference to 2010.

Table 5: Latin America – performance of ongoing projects (bilateral and Regional)

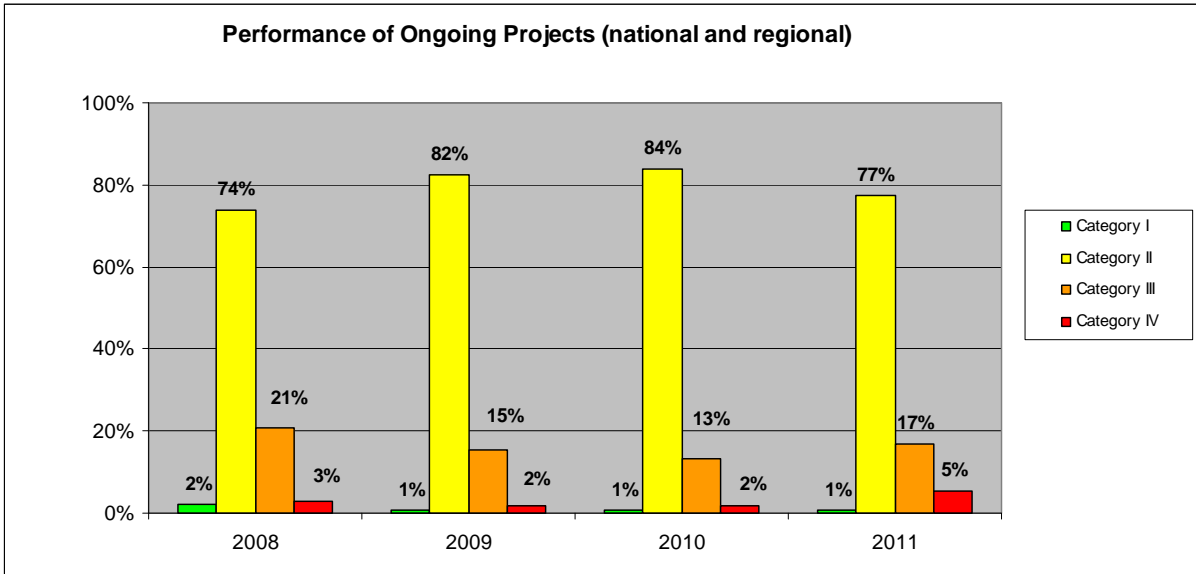
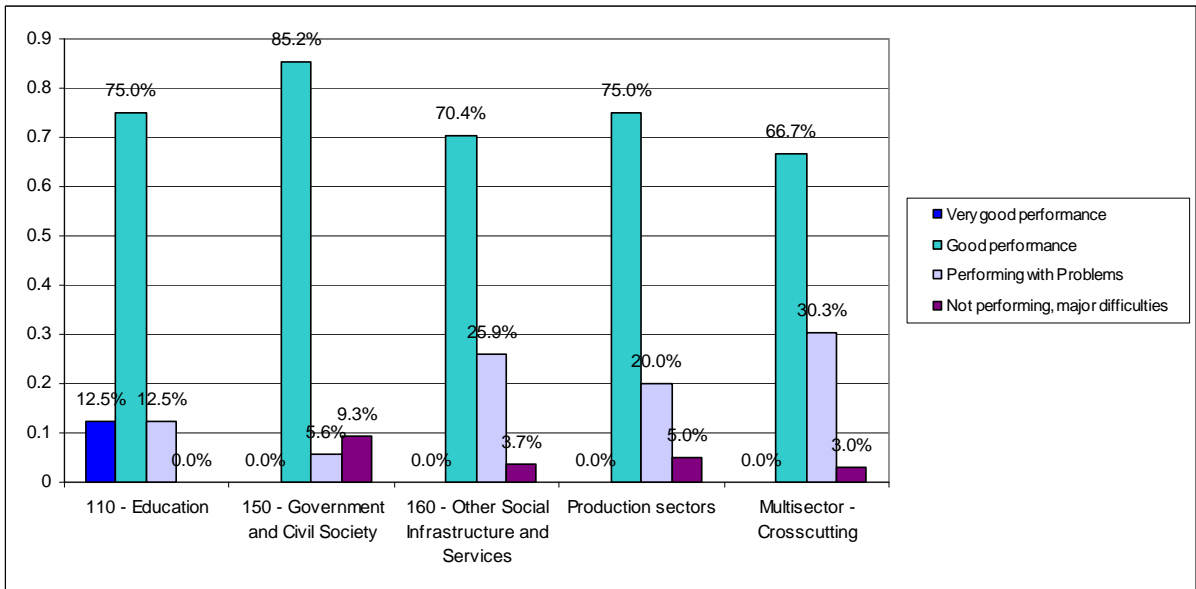


Table 6: Latin America – 2011 Project performance per ODA sector



Ongoing projects monitored in 2011 in Latin America show that 80% have been positively assessed for relevance, impact and sustainability. However, concerning efficiency and effectiveness, the performance level reached 62%. Amongst the reasons for lower performance levels with regard to efficiency and effectiveness are delays in the formulation and implementation of the programme-estimates, relevance (sometimes obsolete because of changes of Government priorities) and project design not revised, insufficiently focused and occasionally over-ambitious.

4.1.6 Outlook

In line with the Commission Communication “Increasing the impact of EU development policy: an agenda for change”⁴⁸, future EU development aid spending will target countries

⁴⁸ COM(2011) 637, 13.10.2011

that are in greater need of external support and where it can really make a difference, including fragile states. Future aid should be allocated to better address different needs, capacities, commitments and performance of partner countries. Differentiation will affect cooperation with some Latin America countries in the next programming period starting 2014. This means that bilateral cooperation will take different paths. Innovative ways of financing development – like blending of grants and loans – will be further explored.

Following the mid-term review (2010), 2011-2013 programming for the region will lead to new bilateral cooperation initiatives which will be approved up to the end of 2013 with implementation until 2017/2018. As for regional programmes for Latin America (LA), implementation will progress in line with the regional programming documents. Regional EU-LA programmes continue to enable LA countries to benefit from cooperation between themselves, as well as from the European experience in a wide range of areas, such as higher education, enterprise networks, green energy, social policy, migration and security, and development.

EU efforts to improve aid effectiveness will be further enhanced. Closer cooperation with EU Member States and other donors will be pursued as well as promotion of dialogue for policy development and consolidation, and ownership by partner countries. Calls to tackle the region's growing problems are anticipated: security (including citizen's security), good governance, climate change, energy and social protection.

4.2 Caribbean

4.2.1 Introduction

Relations with the Caribbean region during 2011 centred on follow-up to the significant number of initiatives launched in 2010. Pursuing and strengthening political dialogue with the region remains a priority and a political dialogue between the EU and the Caribbean Forum of African, Caribbean and Pacific states (CARIFORUM) is expected to take place in 2012.

A final draft of the EU-Caribbean joint strategy, under discussion at the EU-CARIFORUM Summit in 2010, was prepared and is expected to be agreed during 2012. In the areas of trade and cooperation, the implementation of the EPA gained pace with the organisation of the trade and development committee, the establishment of EPA implementations units, and a consultation with EU Member States over optimising the EPA's impact. The kick-off of the regional MTR process confirmed the relevance of maintaining the focal sector of regional integration, and documented that the Caribbean region is in the lead amongst ACP regions in terms of commitment rates under the 10th EDF regional envelope. Finally, the long-awaited Caribbean infrastructure trust fund was approved by the EDF committee in the form of a Caribbean investment facility and will begin in 2012.

The sixth EU-Cuba political dialogue took place on 23 February 2011 in Brussels. Human rights issues were raised, as well as issues on the international agenda, notably climate change. The reflection launched by the foreign affairs council of 25 October on the future of EU-Cuba relations continued. In 2011, the EU continued to provide crucial humanitarian aid and cooperation assistance to support Haiti's reconstruction. The appointment of Prime Minister Garry Conille and the establishment of a new cabinet in the third quarter of 2011 allowed renewed bilateral EU-Haiti political dialogue. In the area of human rights, the EU has

provided a significant contribution to the preparation of Haiti's first universal periodic review under the UN HRC.

4.2.2 Aid effectiveness and donor co-ordination

The Commission remains committed to strengthening donor coordination in the region. Information sharing takes place on a regular basis. Budget support and public finance management continue to be important areas of cooperation. The Commission sits on the steering committee of the Caribbean Regional Technical Assistance Centre (CARTAC) and works closely with the International Monetary Fund (IMF), the World Bank (WB), DfID and the Caribbean Development Bank (CDB) on those issues that provide support on macro-economic and public finance management issues. Close working relations with the World Bank and UNDP are maintained on sub-regional social protection reform and with the Food and Agriculture Organisation (FAO) on agriculture. Co-ordination is becoming increasingly important in the context of the coordination and cooperation mechanism on drugs between the EU, Latin America and the Caribbean.

In addition, at local level, EU Delegations participate and/or lead donor coordination mechanisms with locally present EU Member States and other donors. At regional level, the Commission continues to stimulate the Caribbean forum of ACP States to enhance donor co-ordination activities. Funds are available for this purpose under the 9th EDF (Caribbean integration support programme). In this context, the secretariat of the Caribbean Community (CARICOM) organised comprehensive donor co-ordination meetings in July and in November 2011. The setting up of a number of working groups on donor co-ordination was announced with a view to examining how to further promote donor interaction. The Caribbean–EU EPA trade and development committee meeting of June 2011 discussed development cooperation with Caribbean and EU Member States. The newly-adopted EPA support programme foresees that the Caribbean forum of ACP States will set up a specific donor co-ordination mechanism involving other development partners.

4.2.3 Working towards the MDGs

The lack of adequate data and information systems in the region hampers an assessment of MDG achievement, but evidence points to Caribbean countries making fairly good progress on most of the goals. However, this has been unequal and heterogeneous, and on some objectives, there has not been enough progress. The EU supports the Caribbean countries' efforts to combat poverty through a number of interventions addressing comprehensive strategies to address the challenge of poverty alleviation and income distribution.

Information reported in Jamaica's latest national report on the MDGs (2009) suggests that the country has achieved target 1.A (eradicate extreme poverty), while the latest report on the MDGs produced by the government of the Republic of Suriname shows that between 2000 and 2008 extreme poverty increased. The region may not reach MDG2 addressing universal primary education – even if net enrolment rates of over 90% are reported – due to a marginal increase in the last 10 years. Greater efforts are also needed to improve the quality of education and the completion rates of both girls and boys. The high maternal and neo-natal mortality rates of a number of Caribbean countries reveals the weaknesses and rather deficient performance of national health systems and the urgent need of investing in its main pillars including accessibility and the strengthening of both the quantity and the competence of the human resources working in the health sector.

General budget support helping the Dominican Republic attain the MDGs

Sustained economic growth over the last 30 years has contributed to the welfare of most Dominicans and accelerated poverty reduction. Nevertheless, the Dominican Republic experiences unequal and unjust social distribution of the benefits of growth. The EU supports with €60.7 million the implementation of the government's sustainable development investment strategy, providing financial and policy incentives to promote poverty eradication and help realise the MDGs. It has meant that the EU has engaged in substantive policy dialogue with the government in building a national development strategy. For the first time, a large consultation process on the main vectors of future growth and social development has taken place. The process culminated in the adoption by the Dominican Republic's government in 2011, of a long-term national development strategy, with medium-term detailed implementation modalities. The 2012 national budget has been prepared, and approved on this basis. The Dominican Republic now has a shared country vision.

In recent years, there has been a slight decline in new HIV infections in the region where about 240 000 individuals are estimated to be infected. Nevertheless, outside Africa, the Caribbean region has the highest HIV prevalence in the world with an average prevalence rate of one per cent for adults aged 15 to 49. The HIV burden varies considerably between and within countries. Cuba, for example, has a very low HIV prevalence of 0.1%, while the Bahamas has the highest HIV adult prevalence in the region, at 3.1%.

Progress on MDG 7 is mixed. The region is on track for access to water, but quality should be improved. Although the total area covered by protected areas has grown steadily over the last decade, there are still signs of a loss of biodiversity.

4.2.4 Implementation and results

Bilateral cooperation

In 2011, an amount of €194 million was committed to the Caribbean region from the various cooperation instruments managed by the Commission. Five annual action programmes were approved under the 10th EDF, totalling €29 million. Nine other financial decisions were adopted totalling €106 million. Guyana, Jamaica, and Trinidad and Tobago benefited from sugar accompanying measures financed under the EU budget to increase the competitiveness of their sugar industries following the reform of the EU sugar market. In 2011, these countries received €56 million in commitments. In addition, one programme was financed from the thematic programme for the global climate change alliance for an amount of €3 million. Although generally speaking, budget support is a very important implementation modality in the region, in 2011 only 31% of all approved programmes were implemented in this way.

Payments totalled €319.8 million in 2011 for Caribbean countries and the OCTs. With regard to the EDF, disbursements reached €210.3 million. Moreover, the Caribbean received significant support under the special framework of assistance for traditional ACP suppliers of bananas: €17.5 million were paid in 2011. These funds are contributing to the diversification of the local economies and assisting the seven beneficiary countries (Belize, Dominica, Grenada, Jamaica, St. Lucia, St. Vincent and the Grenadines and Suriname) to cope with the effects of changes in the banana market. A €72.8 million sum was disbursed for accompanying measures for sugar protocol countries. Further, a total of €19.2 million was spent under other instruments, such as on the thematic programmes, including food security.

A new source of income for Dominica – the Waitukubuli National Trail

The upgrade of the 184 km long Waitukubuli national hiking trail aims offset the loss of income caused by the banana industry's collapse. Connecting the south of the island with the north, it has considerable potential to become a worldwide attraction for hikers and nature lovers. Dating back to the 1720s, it is of both historical and cultural interest and passes through a variety of beautiful landscapes with diverse fauna and flora. Opened in 2011, it is expected to attract some 10 000-12 000 visitors per year, generating profitable opportunities both for the private and public sectors whilst laying the path of economic diversification.

In 2011, the budget support modality proved to be a challenging instrument because of difficulties to maintain sound macro-economic policies (Jamaica) or to implement robust national development strategies and sector strategies (Guyana and Barbados). A lack of firm ownership of reform processes have had a negative impact on progress in some sector reform programmes. This has slowed down disbursements and a number of new programmes planned for 2011 had to be postponed until 2012. On the small islands, limited administrative capacities to deal with the complex monitoring mechanisms that should be put in place in order to track performance progress in the supported sectors, is the main constraint. In addition, the requirement to show progress on an annual basis in public finance management systems, remained challenging in MICs where systems are frequently more advanced than in lower income countries. In such situations, the reform requirements in public finance management can be less visible and may need more time to implement.

For the Caribbean region, out of four budget operations approved, two have been financed under the EDF totalling €34 million, and two under the sugar accompanying measures budget line (€56 million). Out of the four operations approved, two supported sectoral policies and there were two general support programmes for Jamaica and Haiti respectively.

Renewed cooperation with Cuba producing results first

Since resuming cooperation with Cuba in October 2008, the first significant batch of monitoring reports became available in 2011. Very good results were reported, with all monitored projects found on the whole to be performing well. Although it is too early to measure any real impact, substantial increases in production and productivity – doubling or tripling in many cases – of participating farmers and cooperatives are expected under the flagship project “PALMA” which is promoting food security (€6.1 million). The programme has provided capacity – building, tools and equipment to co-operatives and individual farmers – as well as assistance to municipalities for the de-centralisation of food security strategies. It has been selected by UNDP as one of two projects (out of 60 regional projects) to win an award under the “sharing knowledge for development”, a scheme which singles out initiatives with good, innovative and relevant practices of interest to other countries of the region. The \$10 000 prize is given so that others can learn from a project's good practices. The continuation of the PALMA project is foreseen under a new financing decision with the country's NIP, 2011-2013.

Regional cooperation

The 10th EDF Caribbean regional programme, signed in November 2008, pays particular attention to deepening regional integration, to achieving maximum benefits from the EPA and to mitigating potential adverse effects of the resulting adjustment process. In 2011, the Commission financed programmes totalling €81 million to support the establishment of the Caribbean single market and economy, the implementation of the Economic Union of the

Organisation of Eastern Caribbean States (OECS), as well as to assist CARIFORUM with implementation of the EPA. These institutional programmes complement the regional private sector development support programme decided in 2010. Another €16 million has been committed in 2011 under the regional programme to finance the bi-national programme Dominican Republic/Haiti.

4.2.5 Monitoring

In 2011, eight ROM missions examined projects in 14 countries in the Caribbean region. 71 ROM reports were produced. A total of 58 ongoing projects were monitored including national and regional projects. Six sector policy support programme were monitored in Trinidad & Tobago, Barbados, Jamaica, Guyana and Dominican Republic. The total value of ongoing projects monitored amounts to €345.4 million, which represents 40% of the overall value of ongoing projects in the region. In addition, a total of seven completed projects were monitored ex-post with a total value of €31 million.

As the tables below show, in 2011, 65% of ongoing national projects in the Caribbean are performing well or very well, while 12% have some problems and 23% experience major difficulties. The percentage of projects doing well or very well has decreased from 73% in 2010 to 65% in 2011. The number of projects facing difficulties increased from 27% in 2010 to 35% in 2011. If we combine ongoing national and regional projects, overall percentage of projects performing well or very well has decreased from 74.6% in 2009, to 72.9% in 2010 and 61.5% in 2011.

The difference between the 2010 and 2011 results are due to the introduction of a sample of new projects which performed less well in average, not to any deterioration of the same projects, since data show that performance of the limited sample of projects re-monitored remained stable. The degradation of the overall results is mainly linked to efficiency and effectiveness. The difference is greater for regional projects, although the sample is too small for a discussion beyond individual cases.

Table 7: Caribbean – overall performance of National ongoing projects

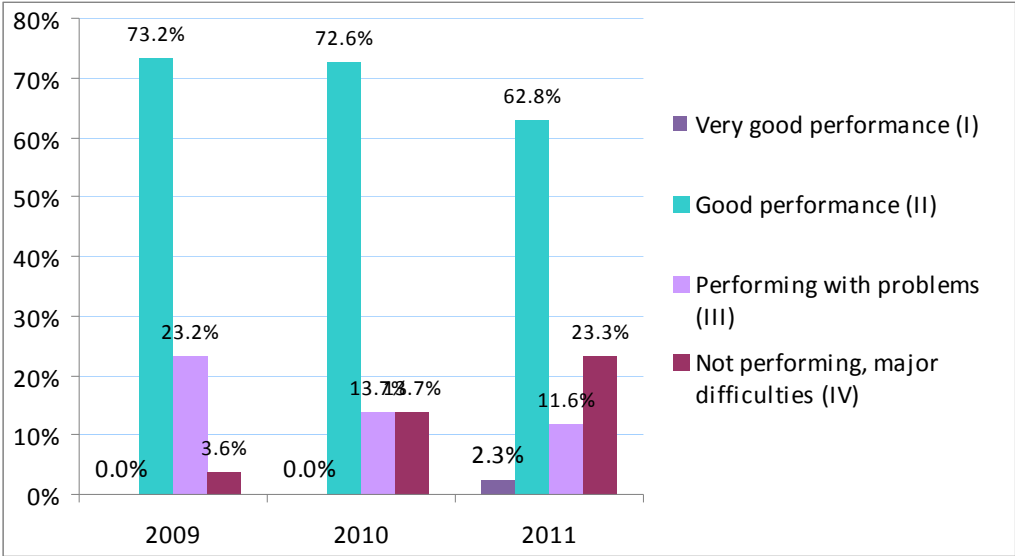
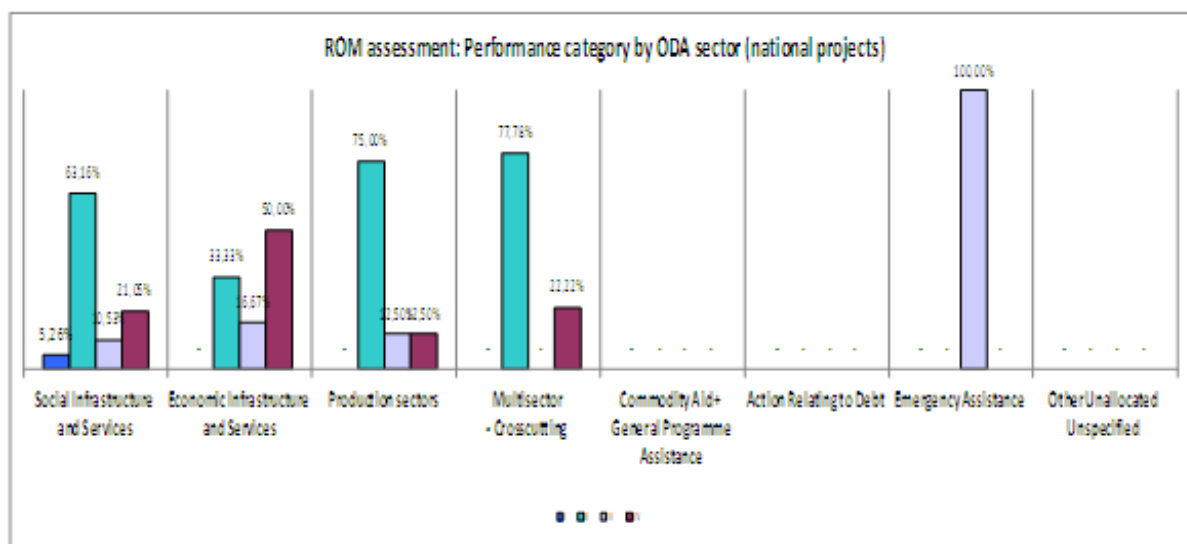


Table 8: Caribbean – 2011 National project performance per ODA sector



Ongoing projects monitored in 2011, show that 82.7 % have scores of "very good" or "good" for relevance and quality of design. Regarding the impact criteria, 67.3 % of projects have been scored as "very good" impact or potential impact (i.e. contribution to improving the livelihood of the people and/or the overall environment in which they operate). However only 44.2 % scored "very good" and "good" for efficiency and respectively 48 % scored "good" for effectiveness. A particular attention will have to be given to the implementation of projects with lower scoring on efficiency and effectiveness.

4.2.6 Outlook

Under the accompanying measures for former sugar protocol countries, an amount of €120 million is scheduled to be committed in 2012. Barbados, Belize, Guyana, St. Kitts and Nevis and Trinidad and Tobago are preparing annual action plans to this effect. The available funds will be used for sugar sector reform, macro-economic stability, employment and growth. In Trinidad and Tobago support will be provided for diversifying out of the sugar sector and into other economic sectors.

The main banana-exporting countries in the Caribbean – Belize, Dominica, Dominican Republic, Jamaica, Saint Lucia, Saint Vincent and the Grenadines and Suriname – are benefitting from allocations under the banana accompanying measures programme. National adaptation strategies and annual action programmes will be prepared to strengthen the competitiveness of the banana sector, promote economic diversification and put in place social and environmental measures.

Implementation of budget support operations remains a challenge in the Caribbean and the policy dialogue with the authorities on macro-economic performance and sector policy results should be further deepened and strengthened. The Commission will continue using the public expenditure and financial accountability methodology (PEFA) tool to encourage weaknesses in public finance management to be addressed. Special attention will be paid to the definition of progress and result indicators that will be used to trigger disbursement, in particular for sector budget support in non-traditional sectors, such as private sector development and the promotion of trade.

The bulk of the 10th EDF financial envelope for regional integration and EPA support measures has been committed. In 2012, close attention will be paid to the implementation of regional activities decided in previous years.

In 2012, the programming exercise for the period 2014-2020 will start, taking due account of the Commission's communication "Increasing the impact of EU Development Policy: an Agenda for Change" and in particular placing a stronger focus on human rights, democracy and other key elements of good governance and inclusive and sustainable growth for human development as well as taking into account the concentration of EU activities in each country and increased volume and share of EU aid to the countries most in need and where the EU can have a real impact.

5 Asia, Central Asia & the Pacific

5.1 Asia

5.1.1 Introduction

The EU has taken forward cooperation with the Association of Southeast Asian Nations (ASEAN), building upon the EU-ASEAN plan of action to underpin the integration process and intensify political engagement in areas of mutual interest. It has also intensified relations with individual ASEAN countries, notably through the negotiation and implementation of bilateral partnership and co-operation agreements (PCAs) and free trade agreements (FTAs). Following up on EU-India security cooperation, a meeting on cyber security was held in Ispra, Italy, in October. The third EU-India forum on effective multilateralism took place, 27-28 September, in New Delhi.

2011 saw progress in human rights legislation in **Pakistan**. Nevertheless, the overall the situation remains worrisome. There has been further slippage in human rights and governance, against some notable positive developments, including the adoption of the new shelter regulation for women fleeing violent households. EU political dialogue with the country took a major step forward with the conclusion of negotiations for an EU-Pakistan five-year engagement plan in November 2011. The plan raises the level of existing political dialogue and sets out an approach for dialogues in a range of strategic areas for EU-Pakistan cooperation, including governance and human rights, security, trade, energy and migration among other subjects. The EU's Foreign Affairs Council (FAC) concluded in July 2011 that there is a need for EU-Pakistan relations to increasingly balance the interests and concerns of both partners. The council looked forward to the launch of a first EU-Pakistan strategic dialogue at the earliest possible time. This is expected to take place in April 2012.

In **Afghanistan**, the transition process was launched in July, implying increased efforts, also on the civilian side, to implement the provisions of the London and Kabul conferences of 2010. In July 2011, the FAC also endorsed an Afghan-led peace process while emphasising the need for Afghanistan to address governance issues in the context of the transition process. In November, the FAC authorised, ahead of the international conference on Afghanistan, the opening of negotiations for a cooperation agreement on partnership and development with Afghanistan. At the international conference on Afghanistan held in Bonn on 5 December, participants re-affirmed their long-term commitment to Afghanistan beyond the end of the transition period in 2014. The FAC has also extended the EU's police mission in Afghanistan until at least 2014 and following the 2 November conference on security and cooperation in

the heart of Asia, encouraged countries of the region to open up trade, transit and investment possibilities for Afghanistan, and through Afghanistan. The EU will continue to provide practical assistance in fostering regional cooperation.

5.1.2 Aid effectiveness and donor coordination

At the high level forum in Busan the emerging donors – China and India (together with Brazil) – signed up to a document defining common goals and shared principles of development partnership for the first time.

As part of the agreement, both aid recipient and donor Asian countries helped to set up a more inclusive global governance structure for effective development cooperation, thus marking an important shift from aid effectiveness to aid and development effectiveness. For donor coordination at country level, the EU will continue to support ownership around Asia and all EU Delegations will participate in national coordination mechanisms and working groups put in place by partner governments, for instance in Cambodia, Laos and Vietnam.

There is an improved exchange of information and coordination within EU on both Afghanistan and Pakistan, enabling a common EU view to be expressed in dialogue with both governments and in donor fora. In Afghanistan, joint donor programmes are implemented through two multi-donor trust funds. In Pakistan, the EU is actively seeking structured donor coordination providing synergies and complementarities of activities in education, public finance management and human rights. Vietnam, which became a pilot country of the EU fast-track initiative for division of labour in 2007, is one of the most active countries showing strong ownership and commitment to the implementation of the Paris and Accra agendas. The EU is the lead facilitator, supported by France and Ireland. The government of Vietnam is outlining the country's new national aid architecture and the EU will co-chair with the Vietnamese ministry of planning and investment the 2012 aid effectiveness forum. In Nepal, there is progress in donor co-ordination along with political progress, but the long-awaited country development forum foreseen in 2011 was again postponed.

With regard to division of labour between EU donors, some progress was made in Bangladesh and Laos where prospects for EU joint programming after 2013 were confirmed at the end of 2011. A further joint programming is likely to occur in the future for Afghanistan.

As for collaboration with donors outside the EU, a good example of aid effectiveness is the joint education sector programme in Indonesia, undertaken together with Australia and the Asian Development Bank (ADB). The EU has also advanced in applying Asia transfer agreements and delegated co-operation between Member States and the Commission. In Nepal, for instance, since 2010, the UK department for international development, DfID, has transferred funds to the Commission to support the education sector whilst DfID has itself received Commission funds to implement climate change initiatives in the country.

In Asia, EU development assistance is increasingly using country systems in a move from project to sector policy support programmes. Thus, projects and programmes are being gradually replaced by support to sector strategies and reforms (among others through sector budget support). The EU is now providing general budget support to three Asian countries and sector budget support to nine. These programmes are supported by institutional capacity development and technical assistance.

5.1.3 Working towards the MDGs

Whereas Asia shows economic vitality and global integration, it is also home to the largest population in the world living in absolute poverty, and many countries are still off-track to reach MDG targets on poverty reduction. Even those countries that have experienced rapid economic growth in recent years are lagging behind, most notably India and the Philippines, despite their middle-income country status. The numbers of people living in extreme poverty remain particularly high in Afghanistan, Nepal, Bangladesh and India. Therefore, the EU maintains its commitment to help Asian countries eradicate extreme poverty and hunger (MDG1) by deploying food security programmes as well as rural, social and economic development programmes throughout Asia. Asia as a whole has made impressive progress towards other MDGs, especially in education (MDGs2 and 3) with a net enrolment ratio above 90% in 15 Asian countries. EU aid is helping improve primary school completion rates as well as the quality of education, and is promoting gender equality in secondary education, particularly in Bangladesh, India, Nepal, Cambodia and Indonesia. The EU supports the implementation of education reform measures in Pakistan with a focus on the enhancement of socio-economic development through investment in human capital, better access and better quality of service delivery through improved sector governance.

Water and natural resources in Afghanistan

The EU contributed 2004-2011, some €3 million to water and natural resources management in the Panj-Amu River Basin (40% of the water resources in Afghanistan). The programme supports the national regulatory framework and the drafting of the Integrated Water Resources Management strategy. It includes the rehabilitation of irrigation infrastructure (more than 65 major irrigation schemes, covering 150 000 ha), promotes a more equitable water management (95 water user associations and training of staff for the river basin agencies) and seeks to protect natural resources in upper catchment areas. The programme has improved water use efficiency and increased the area under double cropping, directly benefitting more than 500 000 people.

Whilst all countries show progress for MDG4 on reducing child mortality, this is too slow to meet the objectives in many countries. This stems from a lack of access to health services for the very poor, but also from cultural and social factors. Therefore, EU-supported programmes in Afghanistan, Burma/Myanmar and the Philippines seek to improve poor people's access to health services, reduce infant mortality and improve maternal health.

Support to health in Afghanistan

Since 2001, a total of €16 million has been committed by the EU to support Afghanistan's health policy management, infectious disease control and basic health care. The EU facilitates access to health for more than five million Afghans in ten provinces, including some of the most insecure and under-served areas of the country. In EU-supported provinces, the assisted delivery of nearly 100 000 babies who were subsequently vaccinated, has significantly decreased mortality of children under five. The EU's support to health contributes to improved access to primary health care from 9% in 2002 to 65% in 2010.

Development has also been accompanied by environmental challenges, which is a new strategic focus of EU cooperation (MDG7). The EU has widened its support to China's policies for efficient energy as well as containing CO₂ emissions. In India, specific measures for renewable energy, clean technologies and energy efficiency are being implemented in the framework of an EU-India joint plan of action in this area. Climate change mitigation activities are ongoing in the Maldives and support to forest management has been prepared for Malaysia. The EU has implemented a regional FLEGT programme for South-East Asia as

well as an Asia-wide programme to support sustainable production and consumption (SWITCH).

In the region of the Eastern and Southern Africa-Indian Ocean (ESA-IO), the Smartfish programme will run for two years until 2013, enhancing fishery governance, promoting monitoring, control and surveillance to fight against illegal fishing and developing a regional trade strategy.

5.1.4 Implementation and results

Bilateral co-operation

Almost all cooperation with Asian countries is implemented through EU Delegations in the region and, as of 2011, the EU's representative office in Kathmandu became a fully-fledged Delegation. In 2011, €748 million were committed to development programmes across the region. The bulk of these funds will be channelled via the beneficiary country's institutions or in partnership with other donors, including Member States.

Significant development packages and programmes were decided for **Pakistan** during 2011, where the EU is active in the sectors of education - where it continued its support to the National Education Programme to improve access, equity, quality and governance - rural development and support to democratic institutions. There was significant progress in 2011 in human rights legislation in Pakistan, although the implementation of the changes needs to be closely monitored by the EU. In **Indonesia**, the focal sectors of intervention are education, trade and investment, law enforcement and justice.

In **Bangladesh**, 65% of the multi-annual indicative plan, 2011-2013, was committed in 2011 to programmes targeting core development issues such as good governance and education (the latter assisted with an initial sector budget support programme). Initiatives were also approved to reinforce local institutions, improve climate change resilience and support the national population and housing census, successfully carried out by the authorities in March 2011. The EU also took steps to support human rights, i.e. the consolidation of an independent electoral framework and the implementation of the Chittagong Hill tracts peace accord.

Food security programmes helping Bangladesh to reach MDG1

€105 million were committed by the EU, 2006-2011 for food security programmes in Bangladesh. These contributed to the eradication of extreme poverty and hunger (MDG1) with a particular focus on poor households in rural disaster-prone areas. The programmes have improved food security and the livelihoods of poor female-headed households, marginal farmers and share-cropper households.

Support to primary education in Bangladesh

A €105 sum was committed 2004-2009 to improve primary education in Bangladesh. The EU funding has benefited schools, teachers and pupils, with over 60 million textbooks distributed to pupils every year during the course of the programme. 30 000 new classrooms have been equipped with furniture, tube-wells for safe drinking water, and hygienic toilets. Over 35 000 new teachers have been recruited, and over 90 000 teachers receive enhanced pre-service

training. The teacher-pupil ratio has declined and the number of contact hours a teacher has with pupils has increased, resulting in better learning.

In the **Philippines**, the EU supported reforms to increase health insurance coverage and upgrade health facilities. EU cooperation in the trade sector had numerous positive results, for instance enabling continued fish exports to the EU and standardisation of electrical and electronic appliances which represent 50% of the Philippines' exports. It also contributed to the preparation of the Philippine export development plan, 2011-2016. Particular attention was paid to the situation in Mindanao. The continuous challenges of reconstruction and development in this conflict-affected region are being tackled through support to the national authorities, and specific targeted and thematic interventions.

In **Cambodia**, 2011 saw the inception of new sector budget support in education and an expanded partnership with UNICEF for technical cooperation. The EU notably assisted governance reforms (public finance management reform and sub-national democratic development) trade development and management of natural resources (land, forestry, fisheries, livestock), along with mitigating the sensitive land concession issue.

EU-**Afghanistan** cooperation in 2011 developed according to plan. Health and agriculture are core sectors with technical co-operation provided to the government and grants made via civil society organisations. In the health sector, the Commission successfully promoted a roadmap for a sector-wide approach (SWAp). Despite deteriorating security conditions, implementation of the agricultural services and water management programmes continued throughout 2011. The programme to rehabilitate irrigation schemes was almost completed and 30 000 metric tonnes of certified seeds were produced. In line with the 'Kabul process' commitments, EU funds are mostly implemented through multi-donor trust funds. This modality has increased aid coordination, predictability and ownership. Civilian police, justice and public administration reforms were amongst the areas that received attention in 2011 with a total of €200 million being committed. This portfolio of governance programmes will be implemented via the law and order trust fund for Afghanistan, as well as the Afghanistan reconstruction trust fund. The EU also provides continuous support to the justice institutions to prepare a national priority programme for justice sector reform, and it pursued the promotion of public administration reform in close cooperation with the Ministry of Finance and the Civil Service Commission.

EU cooperation with **India** continued in the education sector through specific support to reforms and by providing student exchanges via the Erasmus Mundus programme. A new environmental programme was adopted, and the health sector support programme – after initial difficulties - took off. For **Malaysia**, support to the trade voluntary partnership agreement has been prepared in anticipation of concluding negotiations. In **Nepal**, the EU remained an active donor for peace and stability. Two sector budget support programmes - in education and peace and stability - started to show results in 2011. The renewable energy programme ended in December 2011, successfully providing sustainable energy to over 900 remote communities.

In **China**, EU cooperation has remained focused on strengthening the rule of law and environmental governance as well as policy dialogue, in particular on trade and the environment. Some previously-approved projects were launched in 2011. The EU civilian police training project will support the training and recruitment components of the ongoing

reform of Chinese police. The “Occupational health and safety in high-risk sectors” project will support China's capacity to design an effective strategy based on prevention and the direct involvement of workers in risk management. The “disaster risk management” project will strengthen China’s management capacities and expertise in disaster prevention, risk mitigation and management, and post-disaster response. Two new projects were adopted – to support access to justice and promote low carbon environmental sustainability.

The EU and China have recently launched the EU-China High-Level People-to-People Dialogue (HPPD), aiming to deepen understanding and mutual trust. This dialogue encompasses past and future joint and bilateral initiatives in education and training, culture, multilingualism and youth. The first HPPD formal meeting will take place in Brussels in April 2012. After the successful EU-China Year of Youth in 2011, the two partners are also currently engaged in the implementation of the 2012 EU-China Year of Intercultural Dialogue.

The EU is committed to supporting China in its transition to a low carbon economy, notably through joint work on energy efficiency in the building sector, smart grids, connection of renewable sources of energy to the grids and clean coal technologies. Existing energy projects (such as the Euro-China clean energy centre, the institute for clean and renewable energy and Switch Asia) have delivered in several areas and regions. Equally, the EU-China trade project has been instrumental in supporting the Chinese administration on issues regarding standardisation for grids. Thanks to the strengthened partnership, the EU and China are now willing to move to a higher level of commitment, and agreed to convene the first EU-China high level meeting in 2012 between EU Member States and members of China’s national energy commission.

In **Vietnam**, the EU funded two new programmes. The first is promoting trade and investment through improved public and private sector capacity for policy making and commitments to international treaties, environmental and labour standards. The second has set up a strategic dialogue facility to promote constructive dialogue with the country and support activities foreseen in the EU-Vietnam partnership and cooperation agreement. In **Sri Lanka**, intense negotiations with implementing partners and local authorities took place in 2011 which led to the approval of a new integrated reconstruction and rehabilitation programme for the north and east of the country which absorbed €60 million, 2011-2012.

In the interest of a deeper mutual interest-driven cooperation with Asian middle income developing countries, previously adopted initiatives in this direction for China, India, Malaysia and Thailand were implemented, especially in the areas of business and trade as well as joint scientific research. During 2011, EU institutions negotiated the amendment of the ICI regulation – the so-called ICI plus – which was published in December 2011 and will provide a legal basis for co-operation activities with industrialised and other high-income countries in 2012.

Regional cooperation

The Asia-Europe meeting has been the official platform for dialogue between Asia and Europe since 1996. The Commission underpins the process through the ASEM Dialogue facility, a Commission instrument created in 2007 to support the ASEM dialogue on a number of issues: economic and financial matters, employment and social policy, environment, cultural diversity and intercultural dialogue, development cooperation, information technology and maritime affairs. The Singapore-based Asia-Europe Foundation (ASEF), funded by ASEM partners, promotes understanding and collaboration between the peoples of

Asia and Europe through cultural, intellectual and people-to-people exchanges. ASEF's outreach to civil society and the wider public complements the official ASEM dialogues.

Some 366 contracts were signed with Asia in the area of research and innovation with an EU contribution of €2 million since 2007. Cambodia held a senior officials meeting between the EU and ASEAN on science and technology in May 2011. The EU and ASEAN jointly decided to make 2012 the year of science, technology and innovation⁴⁹.

SWITCH-Asia – promoting sustainable production and consumption

In promoting sustainable production and consumption, the EU-funded €150 million seven-year SWITCH-Asia programme, launched in 2007 is contributing to poverty reduction and a better quality of life (MDGs1 and 7). The programme works simultaneously with producers and consumers, and at policy level.

By 2011, SWITCH had funded 47 projects in 15 Asian countries. In Laos, Cambodia and Vietnam, for example, the programme funded a project that supports small and medium enterprises in moving to cleaner, more sustainable production in all three countries. In Bangladesh, leather production is a big industry but its waste water and solid waste and gas emissions place high demand on available water resources. A SWITCH project which got underway in 2008 has led to more efficient use of resources, reduced waste emissions, and better standards of occupational health and safety. There is also heightened respect for international standards which has improved the leather producers' access to export markets. SWITCH-Asia has fast gained recognition for good practice in moving towards a green economy which could be replicated elsewhere.

Regional response to the threat of infectious diseases in Asia

Severe epidemics or pandemics can have a devastating socio-economic impact, in addition to the human suffering they bring. This is particularly the case for the poorest and most vulnerable segments of societies. In Asia, several zoonotic diseases have emerged in the past decade causing serious epidemics among the human population. Most recently, the highly pathogenic avian influenza (HPAI) H5N1 spread in the region, with a significant economic impact and loss of human life. The EU is a leading actor and partner in global endeavours to address the threat of avian influenza and other emerging and re-emerging diseases. It has provided substantial funding of over €70 million to the Avian and Human Influenza Facility (AHIF), a multi-donor trust fund managed by the WB. It has also supported influenza research activities through a €65 million programme as well as through the on-going “Highly pathogenic emerging and re-emerging diseases Asia” (HPED Asia) programme, 2009-2013, for which €20 million have been made available. In implementing the HPED programme, the EU is collaborating with several international and regional bodies.

5.1.5 Monitoring

In Asia 72% of the monitored projects recorded good or very good performance in 2011, whereas 29% indicate that projects are encountering difficulties. This compares with 2010 when 79% were in the good/very good project performance category, and 21% indicated that

⁴⁹ <http://www.yearofscience2012.com>

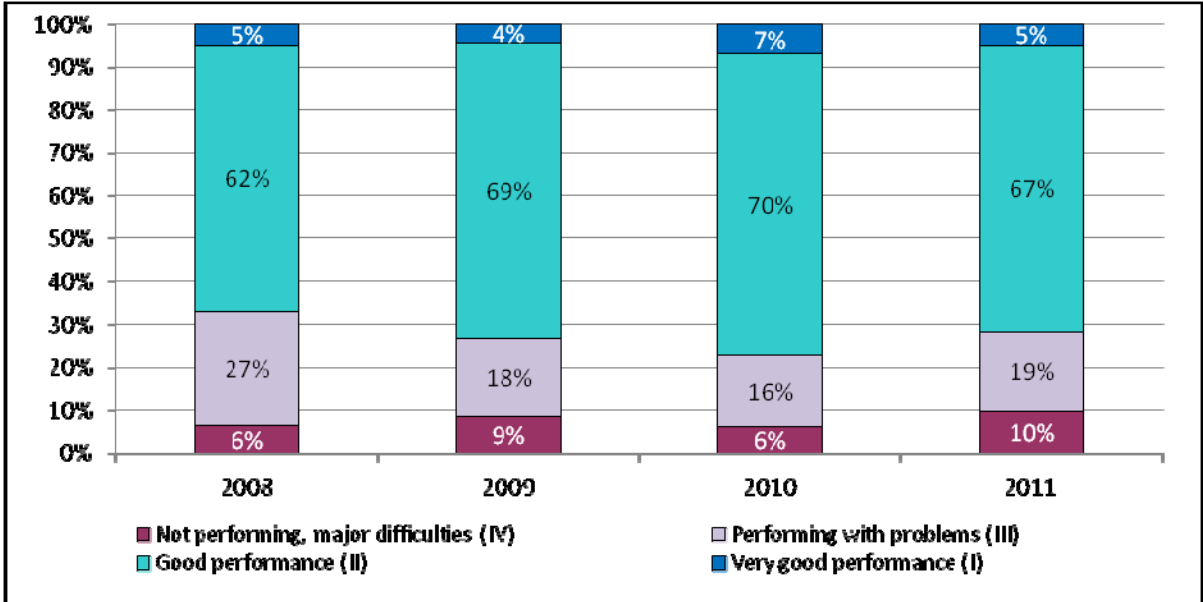
projects were encountering difficulties. It should be borne in mind that any straightforward conclusions can be misleading as the type of and portfolio of monitored projects vary considerably from year to year

Breaking down the ROM results data by MDG shows that 104 projects monitored in 2011 related to MDG1 (eradicating poverty) with MDG7 (environmental sustainability) being the second most prevalent programme category.

On the basis of 2011 ROM data, it appears smaller projects perform less well than larger ones, except in terms of efficiency, and that recent projects suffer more problems than older ones (in particular efficiency rates low). Low ratings for efficiency this year are mainly attributable to the high number of newer projects monitored this year as projects tend to suffer from delays earlier in the project cycle.

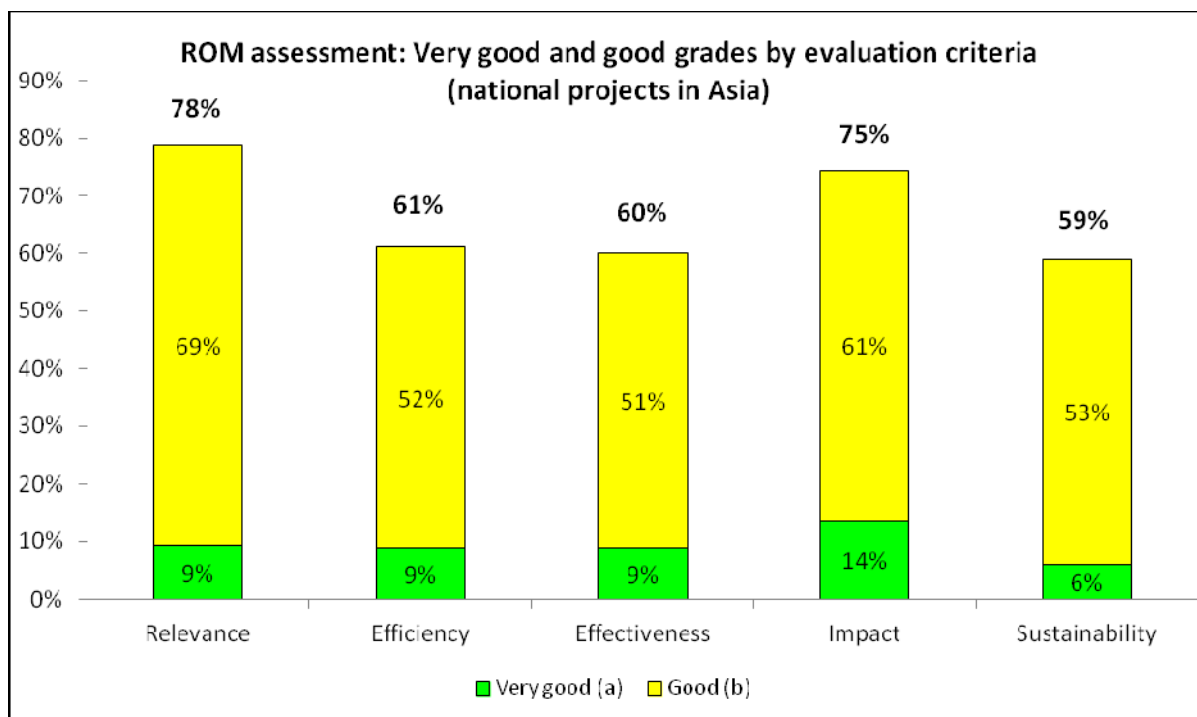
As for regional programs, a total of 26 were monitored. Large programmes, like ERASMUS, TEIN 3, and SWITCH-Asia, are performing very well.

Table 9 - Overall performance of ongoing national projects by category in Asia



Sustainability, in particular financial sustainability of projects, was the weakest of all five performance criteria rated by the ROM exercise in 2011.

Table 10 - Performance by evaluation criteria –very good and good ratings for ongoing national in Asia



The ROM criterion receiving the highest rating in 2011 was relevance and quality of design, closely followed by impact. Efficiency and potential sustainability scored lower rates.

5.1.6 Outlook

Overall, EU relations with Asia are changing, requiring a re-shaping of EU development cooperation in the years to come. China and India already now play a role also as donors to developing countries, while other upper middle income countries like Thailand, Indonesia, Malaysia and Pakistan show increased presence on the donors' map as well as in trade and global issues.

The EU will continue to focus on strengthening the strategic dialogue and deepening its relations with key countries like China and India. With regard to the most developed countries, the EU will pursue ongoing negotiations, ratifications or implementation of partnership cooperation agreements and free trade agreements in the region as key instruments for advancing political and economic interests and deepening bi-lateral relations. Regional cooperation will be strengthened. The current and potential sources of instability in the whole region will continue to be monitored closely with support for regional and local solutions. Regional security, protection and promotion of human rights, governance and tackling the challenges of climate change will remain high on the EU development agenda in countries like Afghanistan, Pakistan, Philippines/Mindanao and Sri Lanka.

In line with the "Agenda for Change", the EU will apply the principle of differentiation to its development cooperation, including with countries in Asia, with the objective of focusing on those countries and populations who are most in need. As committed by Commissioner Piebalgs, EU commissioner for development, during his mission to Burma/Myanmar, the EU will mobilise additional resources to support the transition process in Burma/Myanmar, provided that the political conditions for lifting EU sanctions are in place. Additional funds will support democratic reforms and inclusive development in the country, including key

sectors such as health, education, and livelihoods, as well as supporting displaced people and strengthening civil society.

For Afghanistan, post-transition funding for the country's development will be discussed at a conference in Tokyo in July 2012. Its outcome will to a great extent depend on finalisation and firming up of the outstanding national priority programmes, including such important areas as justice. Progress made in the health sector gives grounds to expect it should be possible to switch to the sector approach. In Pakistan, political relations are becoming more prominent and a strategic dialogue is due to start in 2012. In the sphere of development cooperation, there is a rising importance of the governance sector.

On a regional dimension, the EU will continue to express direct interest in Asia's regional architecture which is reflected in ASEAN's central role in East Asian regional fora and organisations. Part of the bolstering of EU cooperation with Asia is by being directly involved in East Asia summits as well as having an active dialogue with other multi-lateral fora of the region.

5.2 Central Asia

5.2.1 Introduction

The adoption by the European Council of a strategy for a new enhanced partnership with Central Asia in June 2007 around the common goal of achieving stability and prosperity by means of peaceful interaction provided new impetus both to regional and bilateral dialogue. It also allowed for strengthened EU cooperation with the five Central Asia countries (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) on the major issues facing the region, such as poverty reduction, sustainable development and stability and their integration in the global economy. The strategy is driven by a shared commitment to developing long-term partnerships on the basis of common objectives and undertakings to strengthen peace and stability in Central Asia, respect for human rights and the development of the rule of law and democracy.

In 2011, the EU maintained its strong focus on Central Asia with encouraging results. Country partners from the region increasingly view the EU as a close political partner and a trusted supporter for the challenging transition process on which they have embarked, as well as offering economic opportunity.

At the EU/Central Asia foreign ministers' meeting in Tashkent on 7 April 2011, the EU and its Central Asia partners renewed their commitment to the objectives and continued implementation of the EU/CA Strategy, with mobilisation of resources for the period 2012-2013 aimed at benefiting crucial political and socio-economic reforms. A joint plan of action on implementation of the UN global counter-terrorism strategy in Central Asia was endorsed at a ministerial meeting in Ashgabad on 30 November 2011.

In the course of the year, the EU continued to support the path for democratic reforms in Kyrgyzstan. It pledged over €15 million to assist the people affected by the violent events in spring 2010, notably in South Kyrgyzstan, supporting reconstruction activities and confidence-building measures, and providing assistance for the election processes and consolidation of the new democratic framework embedded in the new constitution.

The EU-Kazakhstan co-operation council in December 2011 launched negotiations on a new enhanced partnership and cooperation agreement which opened the way for a substantial and

comprehensive strengthening of relationships based on common values. The EU side made clear that political reforms were integral part of the agenda, and committed itself to support the process, also in co-operation with the Council of Europe (Kazakhstan notably acceded to the cultural convention, and the Bologna Process). In the energy sector, the EU launched negotiations in October for a tri-lateral agreement between Azerbaijan, Turkmenistan and the EU on a legal framework for a Trans-Caspian (natural gas) pipeline system. This document is the first of its kind and aims to support the realisation of the southern corridor and the diversification of energy supply routes (as well as sources and counterparties) to Europe; it is a unique document without precedent confirming EU concrete involvement to facilitate energy investments in the region.

The EU has strengthened its presence in the region, with the opening of a Delegation in Uzbekistan, following others opened in Kyrgyzstan and Tajikistan in 2010.

5.2.2 Aid effectiveness and donor coordination

The coordination of donor support in the region to avoid any overlapping or duplication is a pre-requisite for targeting resources well and achieving objectives. Donor coordination is improving across the region, in part thanks to the EU-Central Asia strategy and its implementation mechanisms, and in part as a result of country-level efforts. The EU has also increased its cooperation with international financing institutions in the region, enhancing overall coordination and enabling a sharper focus on priority areas to improve the impact of assistance.

During 2011, the Commission made further efforts to foster donor coordination and implement the EU code of conduct on division of labour in Central Asia. Results have notably been achieved recently 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' co-ordination council – which meets monthly. In 2011, it assisted the government in drawing up medium and long-term development plans to replace the former country development strategy. The EU cooperates with the UN on elections, human rights, social protection, prison reform, and border management issues.

Cooperation between the EU and international organisations in the focal sectors of the EU's bi-lateral cooperation with Tajikistan has been further increased through joint work in the areas of governance, public finance management, health, social protection, agriculture and private sector development. Donor coordination in the Kyrgyz Republic and Tajikistan focused on public finance management issues. For the period 2011-2013, budget support assistance is being consolidated by appropriate policy advice and close monitoring of progress in public finance management, enabling the use of country systems in accountable and transparent ways, thereby increasing ownership and effective impact.

5.2.3 Working towards the MDGs

Achievement of the MDGs is supported by the Development Cooperation Instrument (DCI) with an overall objective of alleviating poverty and promoting sustainable economic and social development.

Kazakhstan has already achieved the first three MDGs on poverty reduction, access to primary education and gender equality and has consequently adopted more ambitious objectives for those areas (the MDG+ targets). This enhanced version of the MDGs is aimed at strengthening and consolidating these early achievements and setting a new roadmap for the period 2010-2015.

The Kyrgyz Republic is also an early achiever of MDG1 and MDG3 targets and is well on track to reach MDG2. But both the Kyrgyz Republic and Kazakhstan need to deploy greater efforts in fighting HIV/AIDS and other infectious diseases (MDG6) and in enhancing environment sustainability (MDG7) where they are regressing in many indicators.

Despite improvements in the Kyrgyz Republic and Tajikistan with regard to MDG1 and MDG2, these countries remain among the poorest in Asia according to the Human Development Index (HDI). The challenge still remains for Uzbekistan where the number of extremely poor people remains significant. Progress as regards HIV/AIDS prevalence has been made in all countries except for Tajikistan.

All central Asia countries are off track on MDG4 (child mortality). With an under-five children mortality average rate of 44 per 1000 and an infant mortality average rate of 38 per 1000 live births, all central Asia countries are off track on MDG4 (child mortality). Country performances for MDG5 (maternal health) are mixed, Tajikistan and Kazakhstan are advancing slowly, or even regressing. Others, such as Uzbekistan, have either already attained both goals, or remain on track to reach them. In Uzbekistan, the “Mother and Child” programme is helping achieving MDGs4 and 5 as shown by the trends in indicators for under-five mortality (down 8% between 2005 and 2009) and the infant mortality rate (10% down over the same period).

EU aid under the DCI contributes to the fight against poverty with assistance to human capacity development, agricultural reform and pro-SME, investment and business capacity programmes to raise living standards. EU support also goes to improving health management systems, to enhance social protection/pensions and to improve education systems. Governance and the rule of law are particularly targeted by the EU through assistance for judicial reforms, strengthening public administration and public finance management. Attention is also given to environmental issues and the illegal drugs trade.

5.2.4 Implementation and results

In 2011, EU development cooperation commitments to Central Asia totalled €93 million. There was a strong emphasis on education, social protection, and the investment facility for Central Asia.

In **Kazakhstan**, the EU continues to support public sector reform and modernisation. A project to provide access to justice for women and a judiciary reform programme has in particular been successful. Other initiatives focus on developing a solid legal framework, and are promoting a favourable investment environment. The economic diversification programme helps to reduce Kazakhstan's over-dependence on the energy sector by creating new business opportunities and increasing competitiveness. The programme is strongly supported and co-financed by the Kazakh government.

In **Kyrgyzstan**, a €40 million five-year programme which started in 2008 to improve social protection and public finance management, has resulted in more effective social protection

and social insurance systems and has reduced delays in the payment of pensions and social benefits . Specific actions have been taken to incorporate childcare social protection, improve the targeting of benefits, and to establish effective de-centralised social services to support vulnerable families and children. Progress has also been made towards establishing the legislative and institutional framework for reforms, and in putting in place the institutional and personnel capacity to carry them out. The EU is also providing technical assistance to Kyrgyzstan’s ministry of education to assist with the redesigning of the education system, identified by the government as an urgent priority. Another programme is targeting schools that teach specific professional skills, allowing students to acquire new competences according the needs of the local job market.

In **Tajikistan**, the implementation of a €26 million social protection budget support programme was initiated. Amounting to a continuation of earlier support programmes to the sector, the programme is instrumental to the ministry of labour and social protection’s reform objectives. New targeted social benefits were introduced in two districts of Tajikistan. Over 20 000 requests for benefits have been processed and more than 6500 families have already received benefits. In the area of development of social services, eight new centres providing specialised social services for the population were created. The quality of services in nursing homes run by the ministry of labour and social protection also improved with revised standards for food and medicines provision, revised and increased staffing, and renovation of premises. PFM is a cross-cutting issue for EU commitments to Tajikistan. In 2011, as a result of a technical assistance support project, a new public finance law incorporating the mid-term expenditure framework (MTEF) was adopted and major capacity in MTEF was built up in the three participating line ministries. Internal Audit law and financial management control law have also been adopted by the country’s parliament and a public sector accounting strategy and training strategy for capacity building in PFM have been developed. EU interventions in the field of agriculture contributed to the adoption by the lower chamber of the parliament of the legal amendments related to the VAT issue for agri-leasing – a major step forward. By the end of 2011, around 12 000 loans totalling \$39 million had been granted in the context of these interventions.

Improving care and social justice for vulnerable people in Khatlon

The Khatlon project, supported by the EU, is working with rural communities in the Khatlon region of Tajikistan, where most of the poor live. Since it began in 2008 the districts of Jomi, Khuroson and Kurgan-Tube have witnessed significant improvements to local social services. Thanks to the collaboration with district authorities and the ministry of labour and social protection, the project has contributed to the expansion of alternative non-residential social care and the establishment of three new territorial centres. Home care for lonely elderly people has been organised. Families of those with limited mobility – due to illness or a chronic condition – have received social, medical, psychological and legal assistance. More services for vulnerable groups have been created, including eight new centres which are now financed and managed by the government and local NGOs.

In **Turkmenistan**, an important new programme initiated in 2011 is providing technical assistance to the ministry of education to modernise the education system – with as special focus on general secondary education (see case study). The aim is to introduce innovative learning and teaching methodologies to bring the education system closer to international standards. The EU is also supporting the development and modernisation of the public administration in Turkmenistan. Other new programmes are supporting Turkmenistan's

reforms in the field of economic policies, strategic planning, parliamentary issues, technical regulation, sustainable development and the rational use of natural resources. A new programme is complementing ongoing EU assistance to the modernisation of the public administration through institutional strengthening and policy support. The legal capacity building project started in 2011 is creating an appropriate training resource facility to boost in-country expertise in the areas of comparative law and international practices.

Modernisation of Turkmenistan's education system

An EU-supported programme is helping to modernise Turkmenistan's education system, involving a review of secondary education, teacher training and re-training, the introduction of innovative teaching methods, and overall improvements to quality. The programme has so far enabled: 218 managers, teachers and trainers to receive courses in curricula development, modern approaches, the methodology of teaching mother tongues and second languages. New curricula of language subjects for grade 4 were developed and implemented in seven pilot schools at the beginning of the school year 2011/2012. At the same time, 178 teachers from the seven pilot schools have so far received training in interactive learning methodology. Further, the review of the content of the education system, pre-service and in-service teacher training systems, the quality assurance system and school management will inform the modernisation strategy of the education system as a whole, and in particular general secondary education from 1st to 10th grade.

In **Uzbekistan**, by the end of 2011, five new projects managed by local associations in partnership with international non-governmental organisations were set up to improve the living standards of vulnerable groups. Focal areas of this programme include women entrepreneurship, local community development, and health and education services. A very innovative EU programme to back reform of the criminal justice sector in Uzbekistan started in 2011. Implemented by the specialised agencies of EU Member States, the programme provides long-term 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, regarding implementation of new decrees on the rule of law and on the death penalty.

Financial education for low-income households in Uzbekistan

Basic financial awareness among low-income households in Uzbekistan has been improved through a financial education programme. The programme has successfully provided training to over 800 people in addressing issues of household earnings in rural areas and the use of diverse financial services such as credits, savings, insurance and remittances in local communities. The programme has had a long-term positive impact on households' savings; among those who saved before, 78% started saving more regularly and 61% added new saving goals. A second phase of the project was initiated in 2011. It is part of the institutional building partnership programme which has been implemented in Uzbekistan since 2002.

The 'mother-and-child' programme in Uzbekistan continues to improve health services delivered to mothers and children with a second phase of the programme under preparation. Other projects in Kazakhstan are helping the ministry of health provide health services, especially to the most vulnerable groups: children, mothers or people affected by infectious diseases. In Tajikistan, the EU contributed to the development of the health sector strategy and is developing a health management information system to produce relevant and quality information for health system activities.

Regional cooperation

At the regional level, the Investment Facility for Central Asia (IFCA), launched in 2010 to promote additional investments and key infrastructure with an initial focus on energy, environment, SMEs and social infrastructure, became active in 2011. IFCA now offers the possibility of jointly funding operations with European financial institutions through different mechanisms: investment grants, technical assistance support and risk capital operations (credit enhancement schemes, local currency lending). Pilot infrastructures have been financed through IFCA with EU grants, notably in the energy and water sectors.

The EU allocated new funding for quality higher education and vocational training through the Tempus and Erasmus Mundus programmes. The EU-Central Asia education/rule of law platform was initiated in 2011 under the European education initiative for Central Asia. This new project is assisting the modernisation of education systems across the region and is supporting enhanced policy dialogue.

On the rule of law, the implementation of the fifth phase of the EU's flagship CADAP regional programme which gives support to the anti-drug policies of central Asian countries is under way. Unlike previous phases, the present phase of CADAP is implemented by a consortium of EU Member States, bringing together the EU's best expertise. Phase eight of implementation of another EU flagship regional programme – BOMCA, supporting integrated border management and regional dialogue – started up in 2011. The EU also supports wider dialogue with central Asia in the framework of the EU-Central Asia rule of law Initiative. The launch of the rule of law platform in 2011 will enable the provision of required services for further implementation of the rule of law initiative supported by the EU.

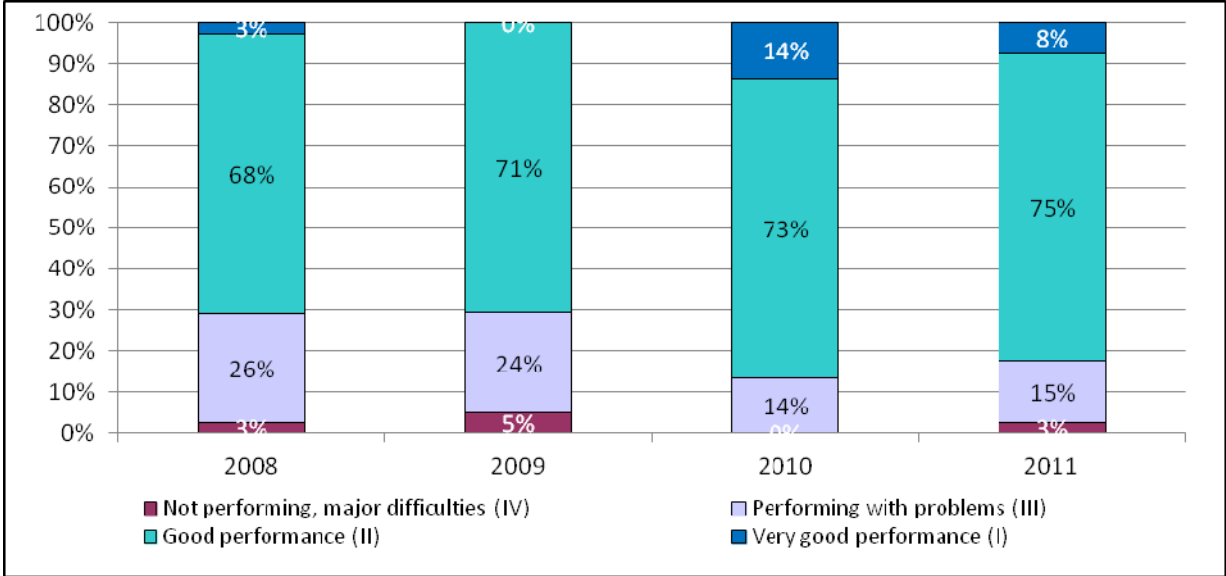
In the area of economic and private sector development at regional level, the EU promoted job opportunities provided by a growing business and SME sector. Since 2010, the SME sector is further supported by the Central Asia invest programme, which assists capacity-building through business intermediary organisations. This new tool should become a strategic instrument in providing assistance to key infrastructures in Central Asian countries, where those investments could not otherwise be made. The EU also continued implementation of bilateral projects, supporting private sector development, particularly in Kazakhstan.

The new Investment Facility for Central Asia provides regional and bilateral assistance by blending EU grants and loans from European financing institutions. In 2011, the first approved investments have targeted the environment (renewable energies and energy efficiency) and energy (renewable energies and energy efficiency). A possible extension is envisaged to attract SMEs, social infrastructure investments, and transport. The initial 2010 allocation to the facility was €20 million and another €45 million will be added from 2011-2013. The current pipeline of grants and loans has reached €500 million. The EU has also contributed to the improvement of regional water governance within the framework provided by the EU-CA environment and water cooperation platform (EURECA) and the EU water initiative (EUWI). National water policy dialogues under the EUWI were established in five countries.

5.2.5 Monitoring

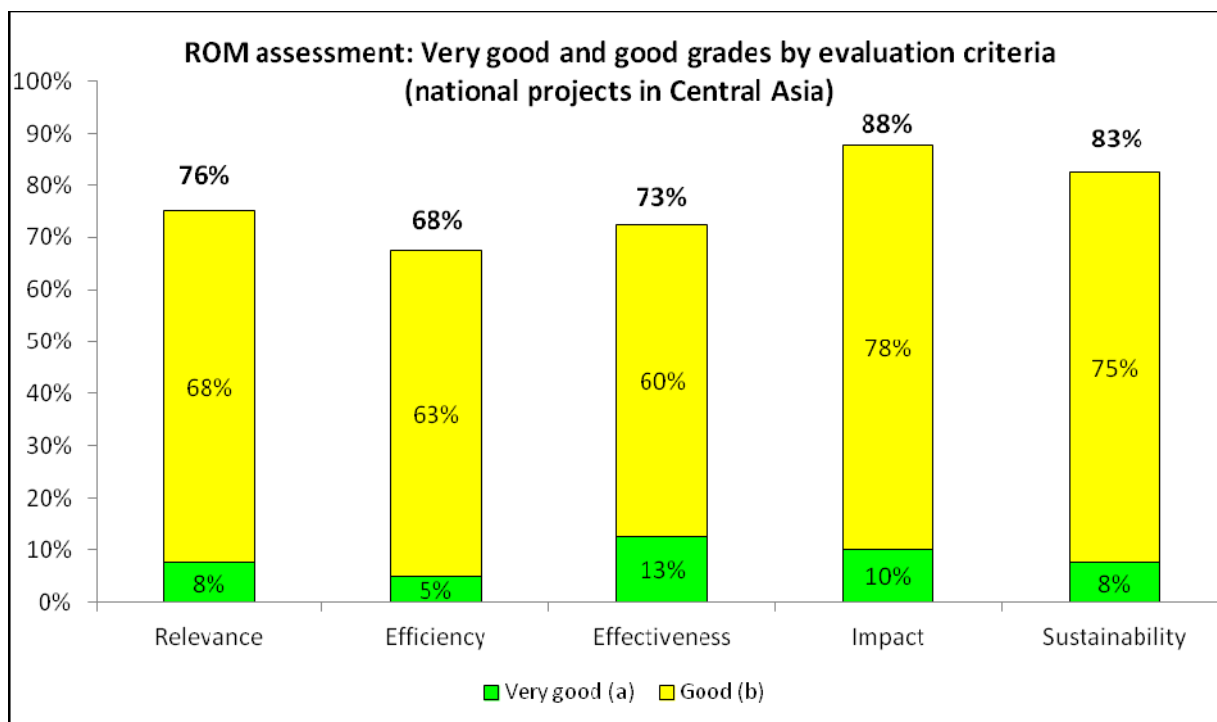
40 national projects and nine regional programmes were monitored in Central Asia in 2011. These represented a total budget of over €31 million. In general, the performance of most projects in Central Asia was quite good, with 83% of projects classified as good or very good. Performance was very similar to 2010, but it should be noted that the portfolio of monitored projects was considerably different this year.

Table 11: Overall performance of ongoing national projects by category in Central Asia



In 2011, impact and sustainability were the highest-rated evaluation DAC criteria with 88% and 83% of the projects in Central Asia receiving good and very good rating. The criterion relevance and design received a lower score this year compared to 2010. This seems to reflect the speed at which project environments are changing in Central Asian countries between the design and the implementation stages. Project partners have limited resources, time and staff, with which to engage with contractors leading to lesser involvement in projects. Greater coordination between projects implemented at the same time in the same countries would reduce the demand on partners’ resources, lead to higher levels of cooperation and produce better and more sustainable results.

Table 12: Performance by evaluation criteria – very good and good ratings for ongoing national in Central Asia



5.2.6 Outlook

The EU's multiannual indicative programme allocation for Central Asia for 2011-13 is €321 million, covering both regional and bilateral cooperation. It highlights education and higher education, health and social protection, good governance, as well as environment, energy, and climate change issues.

The EU's commitment to poverty alleviation in the region will continue to focus on the two poorest countries, Kyrgyzstan and Tajikistan. In Tajikistan, the EU will aim at further strengthening public finance management and will continue its support to private sector development in agriculture. In Kyrgyzstan, the priorities for cooperation, 2011-13, are social protection and public finance management, education and rule of law. In Kazakhstan, the focus of EU cooperation is on local development, public administration reform and judicial reform. New partnership modes such as pilot activities, preparatory activities and twinning with EU Member States institutions are beginning to be used. Relations with the EU have recently intensified in Turkmenistan and Uzbekistan. Cooperation is focused on economic and institutional reforms, good governance and education.

5.3 Pacific

5.3.1 Introduction

Climate change is one of the greatest threats to the region and challenges its ability to achieve the MDGs. As a follow-up to the EU-Pacific Initiative on climate change (Strasbourg, December 2010), the European Commissioner for Development met with Pacific ministers in a high level regional conference on climate change (Vanuatu, March 2011). The event confirmed the need for further joint initiatives and a plan of action. Pacific and EU partners were invited to strengthen their commitment to high-impact development cooperation aimed at addressing climate change, reducing poverty, maximising synergies between biodiversity

conservation, climate change adaptation and disaster risk reduction, and promoting human rights, democracy and gender equality, as well as achieving all MDGs.

The EU has continued to develop a policy framework which combines development and climate change assistance and is responsive to Pacific partners' needs for adaptation finance combined with support to improve their access to, and management of additional climate change resources. EU approaches are very similar to the recommendations of the forum of economic ministers for climate change financing methods based on aid effectiveness principles and for climate change to be integrated in national budgets and development plans, in order for country systems to be used where possible, particularly through budget support, as the most effective form of delivery.

The EU has both increased additional climate change funds for the Pacific and has continued to support efforts made towards eligibility for budget support across the region, where assistance delivered through projects tends to overstretch small administrations. Budget support is more suited to delivering higher impact development outcomes and responses to climate change, while contributing to improved institutional, policy and regulatory frameworks. So far, the strengthening of public finance management (PFM) and accountability mechanisms has been conducive to budget support in New Caledonia, Pitcairn, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

The EU continues to encourage the region to ratify and implement UN conventions on human rights and the Rome Statute on the International Criminal Court (ICC). To assist countries in this respect, a contribution agreement was signed in 2011 between the Commission and the Pacific Islands Forum (PIF) Secretariat.

The EU concluded the 10th EDF mid-term review for most Pacific countries in 2011. Decisions granting increased allocations were adopted for six nations that were performing well (Cook Islands, Marshall Islands, Niue, Samoa, Solomon Islands and Tonga) for a total amount of €12 million. These funds will mostly be used to tackle climate change-related initiatives. Papua New Guinea's allocation was reduced due to unsatisfactory progress). Three Pacific countries (Kiribati, Samoa, Timor-Leste) qualified for support totalling €6 million under the EU's MDG Initiative, to accelerate progress towards reaching the MDGs.

In Fiji, no progress could be noted in the internal political situation, as elections are only expected to be held in 2014 and the state of emergency imposed in April 2009 persists. While development assistance remains suspended, the EU – in response to continued socio-economic deterioration and in particular the critical situation in the sugar belt areas – decided to continue and enhance its activities focussing on social mitigation and build on the €8 million allocated in 2010 to be funded through Fiji's indicative allocation for 2011-2013 of €1 million. Further support to bring about a return to democracy and rule of law, such as support to preparing elections and national dialogue, remains a possibility.

Finally, the Commission President and the European Commissioner for Climate Action attended the Pacific Island Forum's annual meeting marking the 40th anniversary of the institution, confirming the EU's long-term partnership and support for the region's sustainable development and climate change adaptation and mitigation efforts.

5.3.2 Aid effectiveness and donor coordination

The EU supports the 2009 Cairns Compact which seeks to enhance aid effectiveness in the Pacific by encouraging its development partners – both states and regional organisations – to assume leadership for donor co-ordination. The EU supports Pacific partner countries' national development and sector strategies through sector policy support programmes and when eligible, through budget support, channelling aid through the countries' own budgetary systems. To date, six Pacific ACP countries and two European overseas territories in the Pacific are receiving, or will soon receive, assistance through budget support.

As of 2011, delegated cooperation and transfer agreements which already take place between the EU and Member States were also made possible with Australia. Thus, where it is possible and if there is a comparative advantage, EU and Australia may use one another's experience in implementing a programme on each other's behalf. The Commission has also joined the Pacific Regional Infrastructure Facility, a platform on which Australia, New Zealand, the ADB, the WB, the Commission and the EIB, can coordinate infrastructure assistance projects.

5.3.3 Working towards the MDGs

The Cook Islands, Niue, Palau, Samoa, and Tonga are performing well in progress towards the achievement of the MDGs. There is more of a mixed picture in realising the goals by 2015 in Fiji, the Marshall Islands, the Federated States of Micronesia, Solomon Islands, Tuvalu, and Vanuatu. In Kiribati, Nauru, and Papua New Guinea there is substantial progress to be made.

As a whole, the Pacific region is unlikely to achieve the target of halving the proportion of people living in extreme poverty (MDG1) by 2015. The proportion of underweight children and malnutrition also remains prevalent. According to UNDP estimates, about 27% of the region's population is undernourished. Progress has been made on the path to achieving the MDGs on access to primary education (MDG2), gender equality in education (MDG3), and reduction of infant and child mortality (MDG4). Although maternal mortality remains a major problem in most island states, many countries are performing well in improving maternal health (MDG5). Progress is slow in stopping the spread of infectious and non-communicable diseases, but with the exception of Fiji, Papua New Guinea, and Tuvalu, most Pacific island countries are likely to achieve the targets on HIV/AIDS, malaria, and other diseases (MDG6). Access to safe drinking water and sanitation services is supported by EU programmes in several Pacific islands, for instance in the Cook Islands, Kiribati, Samoa and Tuvalu. Sustainable and renewable energy programmes are being assisted in other countries – Nauru, Niue and Tonga. The biodiversity stock of the Pacific region continues to be deteriorated. The prospect of achieving environmental sustainability (MDG7) is unclear since global warming and climate change pose significant threats to the region and most Pacific island nations are vulnerable to rising sea levels.

Improving fisheries management

Across the world millions of people are employed as fishers, traders and processors, and millions of livelihoods rely directly on oceans and inland water bodies as their primary source of food. In ACP regions, the programme ACP FishII contributes to the sustainable and equitable management of fisheries, aiming to reduce poverty and improve food security. Funded under the 9th EDF (€30 million), it will run for four years until 2013.

5.3.4 Implementation and results

In 2011, the EU continued to support **Samoa's** water sector policy and provided €14 million in budget support, reflecting the continued improvements made in strengthening governance in the water and sanitation sector, but also the government's efforts in consolidating the country's fiscal situation, after two years marked by a tsunami and the global economic crisis.

Reducing the risk of natural disasters

With rising sea levels, concerns are growing in the Pacific over the negative effects of climate change. The EU is funding projects all over the region to reduce the risks of natural disasters and strengthen integrated management of coastal, territorial and marine environments: from mangrove replanting, reforestation of watershed areas, rainwater harvesting and water conservation to the introduction of drought/salt resistant cultivars, soil retention measures and reduced-impact harvesting.

European technical co-operation assisted **Tonga, Cook Islands** and **Kiribati** in preparing for budget support. In Tonga, the EU is a key partner in taking forward the government's development strategy with its focus on energy. During 2011, the 'Vulnerability Flex' instrument provided €5.5 million to **Tonga and Samoa**, and €1.5 million for **Tuvalu** to alleviate the consequences of the global economic crisis. In the **Cook Islands**, a public expenditure and financial accountability (PEFA) review assessed the country's eligibility for budget support. In **Kiribati**, a review of the financial legislation was undertaken in 2011 and support was provided for a development of a public financial management reform strategy.

The EU's engagement with the government of Fiji is currently limited. Instead, an allocation of €8 million from the DCI accompanying measures for sugar programme was committed in 2011, with funds channelled through civil society organisations to benefit the population directly. Under the European Instrument for Democracy and Human Rights (EIDHR), the EU continued in 2011 to support the activities of civil society partners including: the protection of consumer and disabled persons' rights; support to trade unions and to NGOs involved in community civic education.

A more sustainable fishing industry

The EU is funding a €6.61 million Oceanic fisheries management programme (2007-2013) reaching 14 Pacific countries and three EU overseas territories. It is supplying information on Pacific marine resources and eco-systems to improve the ability to monitor illegal and unregulated fishing and promote sustainable fisheries. A tuna management system now enables comparison of data from several sources, which contributes to the sustainable management of tuna stocks, of great value to the region.

Papua New Guinea's absorption capacity reached a limit; resulting in a 20% decrease in the EU's funding allocation to the country for 2008-2013. **Vanuatu** also encountered absorption problems, for instance in respect of a programme addressing climate change. In the **Solomon Islands**, all programmed funds were spent and the drafting of a new budget support programme targeting the environment got underway.

Regional cooperation in the Pacific is supported by several regional organisations such as the Pacific Forum Secretariat, the South Pacific Community, the Forum Fisheries Agency and the South Pacific Regional Environment Programme. Agreements for regional cooperation projects that were signed in 2011 included support to the Oceanic Customs Organisation (€

million) and for the Small Island States programme (€1.4 million). Other allocations went to the following sectors: tourism (€5 million), trade (€8 million) and agricultural commodities (€8.5 million). A multi-country disaster risk reduction programme in 2011 provided water storage in several atoll countries. For instance, the drought conditions on Funafuti Island of **Tuvalu** were attenuated due to the supply of water tanks. In 2011, the €4 million deep sea minerals project effectively got off the ground, providing technical and policy advice to **Tonga, Nauru and Kiribati**. Nauru and Tonga have now become the first developing countries to be granted exploration permits in the international seabed jurisdiction.

Better disaster management

The EU has contributed to a €9.76 million disaster risk reduction project to help local communities in eight countries across the Pacific islands. Projects involve institutions and stakeholders such as the Secretariat of the Pacific Community Applied Geosciences and technology division (SOPAC). Disaster management is being improved through the setting up of new emergency and early warning centres and communication systems. So far, five operation centres have been opened in Palau, Micronesia and the Solomon Islands. Moreover, ten seismic stations and flood monitoring equipment have been provided to Papua New Guinea. Resilience to drought has been strengthened by ensuring access to drinking water. For example, over 400 rainwater tanks have already been constructed in Tuvalu, Tonga and Nauru under the programme, which runs until 2013.

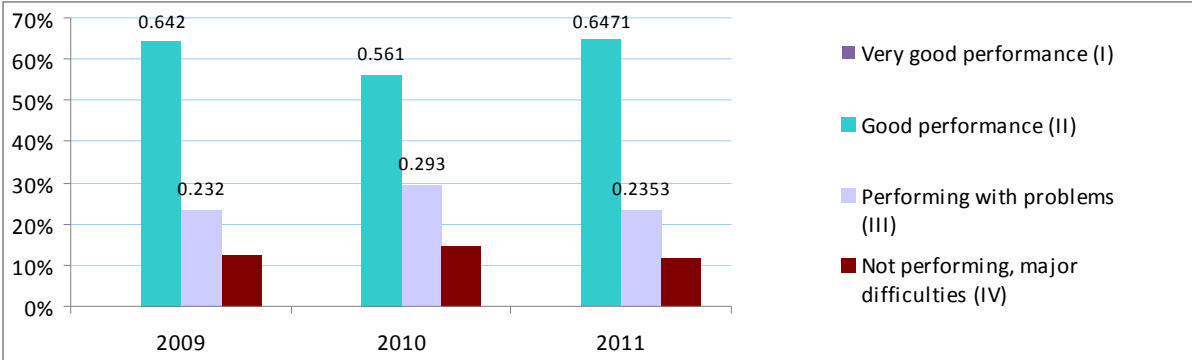
5.3.5 Monitoring

In 2011, 51 on-going national, six ongoing regional and seven closed programmes representing EU commitments of some €153.5 million in 15 Pacific countries were monitored by independent experts that carry out results oriented monitoring (ROM).

The outcome suggested that 64.7% of national on-going projects perform well, 23.5% present problems and 11.7% encounter major difficulties. Although the programs covered are different from one year to the other, covering different countries and themes, the results of the monitoring exercises are fairly consistent.

The following graphs show the assessments made in the sample EU projects and programs in the Pacific from 2009 to 2011 selected for the ROM exercise.

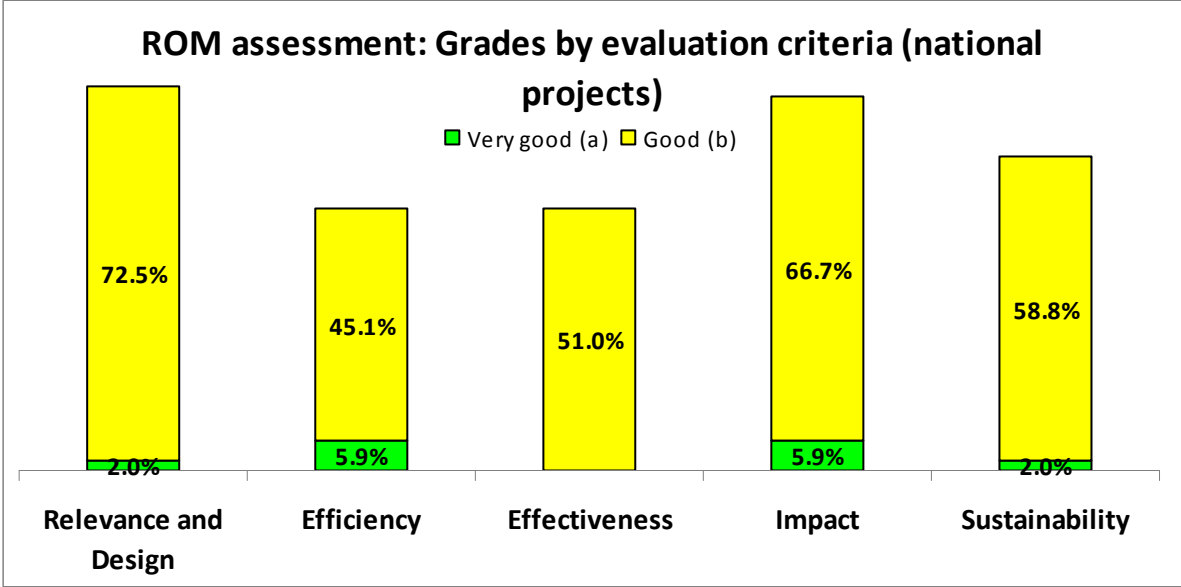
Table 13: Overall performance of ongoing national projects by category



The monitoring shows that overall performance for ongoing projects is good for some 64% of Pacific EU projects in 2011. Significantly however, virtually no projects demonstrate very good performance and a significant share of the programs have implementation difficulties.

As the table below shows, while projects are largely considered relevant, there are strong concerns with regard to efficiency in almost half of the projects.

Table 14: Performance by evaluation criteria –very good and good ratings



49% of the projects reviewed face efficiency problems in terms of input used and implementation of activities and 49% also experience difficulties in delivering results. 39% have sustainability problems. This confirms relatively high dependence of Small Island Developing States in the Pacific on development and low local institutional capacity (compensated by donors with technical assistance). Another important factor may be significant fragmentation of foreign aid to the region.

In the Pacific, the specific geographic, administrative, technical and political conditions affect implementation of many projects. Typical problems for programmes in the Pacific include great distances, absence of reliable statistics and indicators, political reorientation, lack of trained programme management staff and changes of political or administrative projects support.

5.3.6 Outlook

The relevance of EU interventions in the Pacific is confirmed – inter alia – by mid-term reviews both at country and regional levels. With the exception of Papua New Guinea, additional funds are provided to sector policies and national development plans in most Pacific countries. The EU interventions will continue to tackle challenges such as climate change and sustainability in a context of high demographic growth with a focus on water, energy, waste management, depletion of natural resources and the need for climate change resilient infrastructures (land and maritime, energy and telecommunications). A Pacific Infrastructure Facility (€10 million) which blends grants with loans is likely to be decided in 2012.

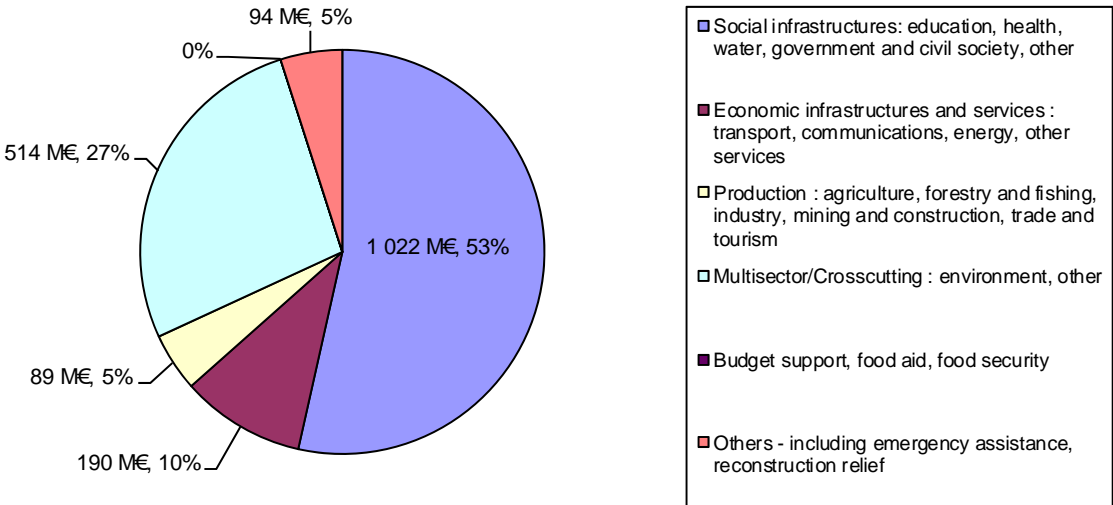
The EU, together with Pacific countries and organisations, will continue to address the challenges of Pacific regional integration and negotiate EPAs. Strengthening countries' administrative capacity, with a view to continue improving public finance management and ensuring economic stability, will also be at the centre of EU attention.

A communication, "Towards a renewed EU Pacific development partnership" is expected to be presented in 2012, outlining the EU partnership with Pacific countries' organisations in the coming years. In conjunction with this, the programming of EU development assistance for the Pacific 2014-2020 (11th EDF) will start in 2012.

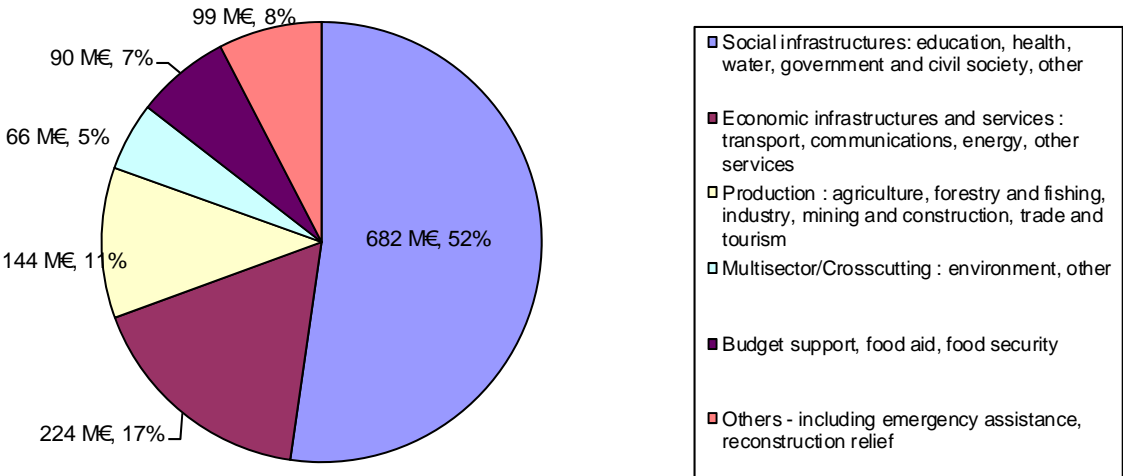
Tables: Breakdown of external aid by instrument

Table 15 ENPI - Breakdown by sector of external aid financed on the general EU budget managed by EuropeAid in 2011

Commitments in €million



Disbursements in €million



Bilateral and multilateral ODA (EuropeAid only).

Table 16 ENPI - External aid financed on the general EU budget managed by EuropeAid

€million	2007	2008	2009	2010	2011
Commitments	1 666	1 773	1 637	1 807	2 015
Disbursements	1 412	1 530	1 474	1 513	1 426

Bilateral and multilateral flows (EuropeAid only).

Table 17 ENPI - General and sector budget support per country

Commitments in € million

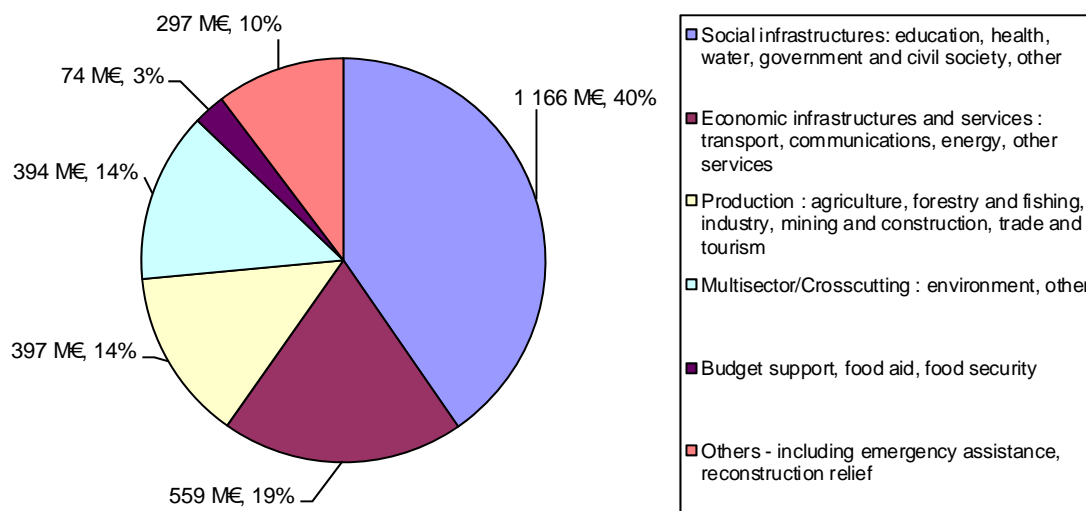
Country	GBS / SI	Sector	Description	Total
Armenia	SBS	Multisector aid	Support to the Government of Armenia for the implementation of the ENP Action Plan and preparations for the future Association Agreement – Phase II	24.00
Azerbaijan	SBS	Rural development	Rural development support programme	20.00
Egypt	SBS	Energy policy and administrative management	Energy sector policy support programme	30.00
Georgia	SBS	Legal and judicial development	Support to the criminal justice sector in Georgia	18.00
Georgia	SBS	Reconstruction relief and rehabilitation	Support to conflict affected/displaced population	10.00
Jordan	SBS	Public finance management	Support to the public financial management reform programme	20.00
Jordan	SBS	Power generation/renewable sources	Renewable energy and energy efficiency programme in Jordan	35.00
Jordan	SBS	Education policy and administrative management	EU support to second phase of education reform	23.00
Moldavia	SBS	Energy policy and administrative management	Support to the reform of the energy sector in Moldavia	42.60
Morocco	SBS	Women's equality organisations and institutions	Support to the promotion of equality	35.00
Morocco	SBS	Multisector aid	Achievement of advanced status	85.00
Morocco	SBS	Women's equality organisations and institutions	Support to the promotion of equality	10.00
Tunisia	SBS	Multisector aid	Support programme for growth	90.00
Ukraine	SBS	Public sector policy and administrative management	Reform to the Administrative Legal Framework and Civil Service in Ukraine (AAP 2011)	70.00
Grand Total				512.60

GBS : General Budget Support

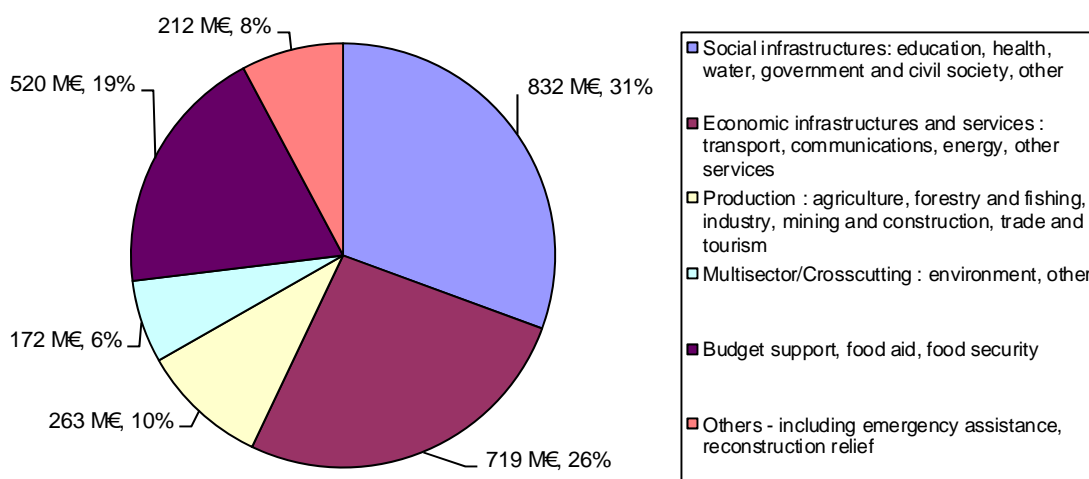
SBS : Sector Budget Support

Table 18 EDF - Breakdown by sector of external aid financed on the European Development Fund (EDF) managed by EuropeAid in 2011

Commitments in €million



Disbursements in €million



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

Table 19 EDF - Regional breakdown of external aid financed on the European Development Fund (EDF) managed by EuropeAid in 2011

	Commitments in €million	Disbursements in €million
Africa	2 291	2 328
Caribbean	243	199
Pacific	18	78
Overseas Countries & Territories	18	15
ACP Unallocated	318	118
Total	2 888	2 738

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

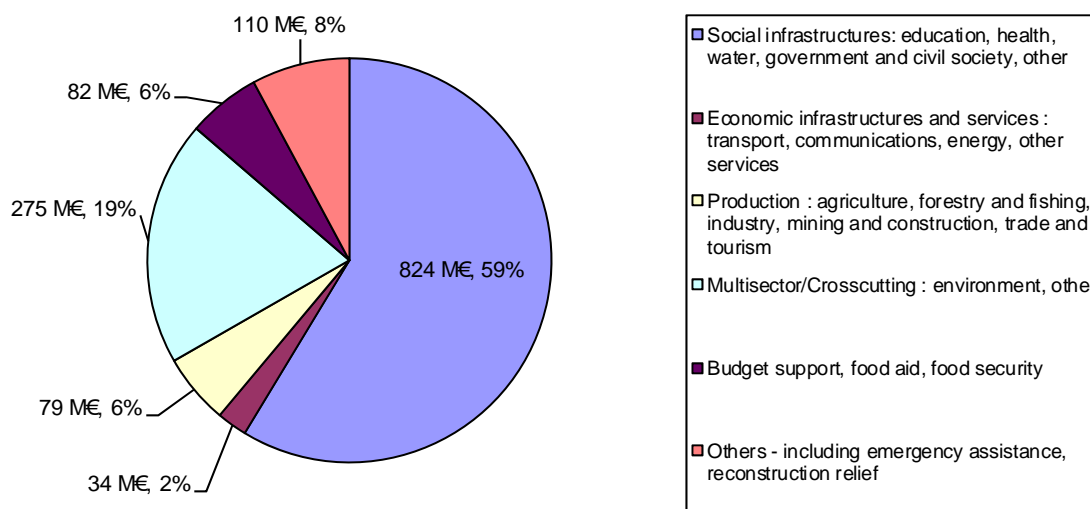
Table 20 EDF - General and sector budget support per country

Commitments in € million				
Country	GBS / SBS	Sector	Description	Total
Benin	SBS	Decentralisation and support to sub	Local development programme	45.00
Jamaica	GBS	General budget support	Tropical Storm Nicole rehabilitation	7.00
Lesotho	GBS	General budget support	Poverty reduction budget support phase II	45.65
Mali	GBS	General budget support	MDG contract Mali - PPAB 2	3.37
Mauritius	GBS	General budget support	Promoting sustainable and equitable development: EDF part	10.00
Mozambique	SBS	Promoting Sustainable and Equitable Development: EDF part	Health and HIV sector policy support programme	20.00
Samoa	SBS	Water sector policy and administrative management	Water and sanitation sector policy support programme	2.59
St. Helena	SBS	Multisector aid	Support for infrastructure development in Saint Helena, Ascension and Tristan da Cunha	16.63
Togo	GBS	General budget support	Togo - poverty reduction budget support	7.50
Grand Total				157.73

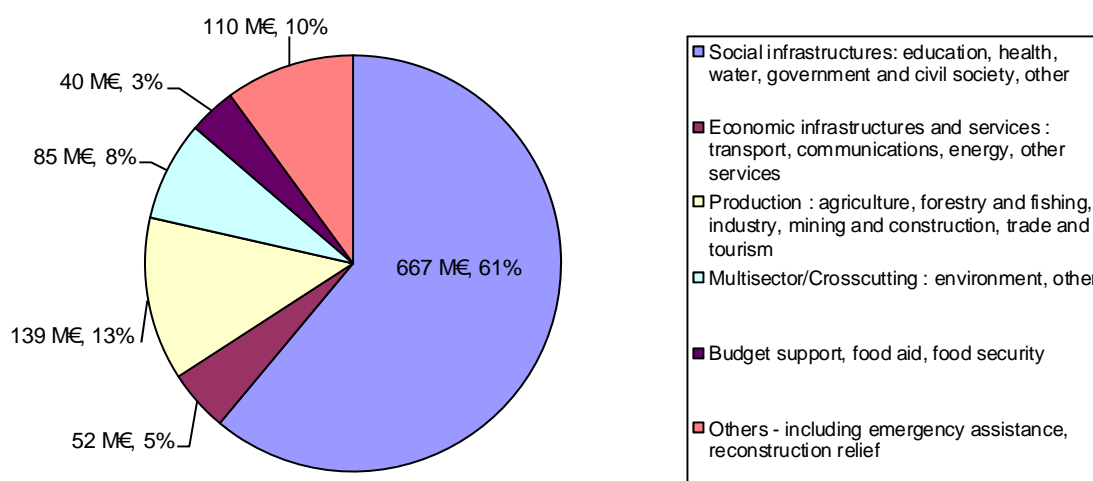
GBS : General Budget Support
SBS : Sector Budget Support

Table 21 DCI Geographic - Breakdown by sector of external aid financed on the general EU budget managed by EuropeAid in 2011

Commitments in €million



Disbursements in €million



Bilateral and multilateral ODA (EuropeAid only).

Table 22 DCI Geographic - External aid financed on the general EU budget managed by EuropeAid

€million	2007	2008	2009	2010	2011
Commitments	1 362	1 371	1 414	1 422	1 414
Disbursements	1 279	1 137	1 192	1 127	1 100

Bilateral and multilateral flows (EuropeAid only).

Table 23 DCI Geographic - General and sector budget support per country				
Commitments in € million				
Country	GBS / SBS	Sector	Description	Total
Bangladesh	SBS	Primary education	Third primary education development programme (PEDP III)	54.00
Bolivia	SBS	Employment policy and	Support programme for the improvement of the financial and fiscal environment of small business (PAMEFF)	35.00
Colombia	SBS	Livestock	Support to dairy sector	8.60
Costa Rica	SBS	Security system management and reform	PROSEC (PROgrama de Seguridad Ciudadana)	13.00
Ecuador	SBS	Education policy and administrative management	Education support programme	34.00
El Salvador	SBS	Social/ welfare services	Programa de Apoyo a Comunidades Solidarias en El Salvador (PACSES)	47.40
Guatemala	SBS	Food aid/Food security programmes	Support to the strategic plan for food security and nutrition	6.50
Honduras	SBS	Water sector policy and administrative management	Programa de Apoyo Presupuestario Sectorial Agua y Calidad (PAPSAC)	25.44
India	SBS	Primary education	Sector policy support programme for education in India	80.00
Kyrgyz Rep.	SBS	Social/ welfare services	Sector policy support programme - social protection and public finance management - Kyrgyzstan - AAP2011	13.00
Pakistan	SBS	Education policy and administrative management	Sindh Education Sector Support Programme	30.00
Paraguay	SBS	Social/ welfare services	Social development public policy support programme in Paraguay	31.00
South Africa	SBS	Legal and judicial development	Legislative sector policy support programme	5.00
South Africa	GBS	General budget support	National development policy support programme for South Africa	75.55
Grand Total				458.48
GBS : General Budget Support				
SBS : Sector Budget Support				

CHAPTER 3 - IMPLEMENTATION: THEMATIC OVERVIEW

1- *The thematic programmes*

1.1 Investing in People

The Commission completed a mid-term review of the thematic programme for human and social development “Investing in People” in 2010. The programme, covering the period 2007–2013, supports thematic activities in health, education, knowledge and skills, gender equality, and other aspects of human and social development (employment and social cohesion, children and youth, and culture). As a result of the mid-term review, it was decided that programming in 2011–2013 should follow the original strategy and continue to focus on all four main pillars of thematic action. The programme has, however, moved away from supporting actions in all areas every year to supporting each area in turn over a longer time

frame. In line with this approach, in 2011 the programme covered thematic activities in health, education and gender.

Health

In 2011, the programme provided specific support through relevant UN agencies to improve health systems and tackle health and healthcare problems that pose particular challenges to countries, services and populations. Support was given to the United Nations Population Programme's (UNFPA) global programme to enhance reproductive health commodity security by improving the availability of reproductive health commodities, such as condoms and injectable contraceptives in developing countries (€24.3 million).

The UN Framework Convention on Tobacco Control (FCTC) – the first international UN treaty in health and ratified by 174 countries – received financial support (€5.2 million) for providing technical assistance to signatory countries to implement treaty obligations. In addition, an agreement was signed with WHO to support policy dialogue on national health policies, strategies and plans in selected developing countries (€5 million). The EU budget also contributed €65 million to the Global Fund against HIV/AIDS, tuberculosis and malaria (with a further €65 million being provided by the EDF).

Education

In 2011, the second pillar of the investing in people (IiP) programme continued to support efforts to achieve universal access to quality primary education by contributing with €31.8 million to the global partnership for education fund (GPE). The former education for all fast track initiative (EFA-FTI) changed its name to become GPE and endorsed a series of reforms in its governance structure. The different trust funds were merged into a single education fund. An important pledging conference took place in Copenhagen in November 2011.

The Commission also contributed €1 million to the association for the development of education in Africa (ADEA), a forum of African Ministers of education and development agencies supporting policy dialogue on education. This sum will notably fund the ADEA Ouagadougou conference on promoting critical skills for sustainable development in Africa and follow-up activities.

Gender

The mid-term review of the programme resulted in an increase of the available budget for gender equality and women's empowerment activities by €10 million for the period 2011-2013. The total allocation for the period – €37 million – is being used to support initiatives in the area of protection and promotion of women's rights; strengthen economic and social empowerment of women at national and local levels, develop and test innovative approaches to mainstreaming gender equality and to empower women in policy development, planning and budgeting.

In particular, in November 2011 a global call for proposals was launched on women's social and economic empowerment. In October 2011, the new UN programme, “Increasing Accountability for Financing to Gender Equality” was launched with EU support. Both initiatives have the achievement of MDG3 in view by supporting women's leadership in the economic and social sphere, and mobilising resources to implement partner countries' commitments on gender equality.

1.2 Non-State actors and local authorities in development

In 2011, the EU continued to support small-scale development initiatives, either proposed and/or carried out by non-state actors (NSA) and local authorities (LA) from the EU and partner countries. For in-country interventions implemented locally, EU Delegations have adopted a more strategic and focused approach and have launched calls for proposals for NSA and/or LA, ensuring complementarity and consistency with the EU development co-operation programme. For multi-country interventions, as well as development education, awareness-raising and coordination, global calls were successfully launched at Commission headquarters level.

Three NSA-targeted projects were also funded: an operating grant to the European Confederation of NGOs (Concord) and two strategic projects implemented in co-operation with the EU presidency. In March 2011, a new multiannual strategy was approved for the period 2011-2013. It was drawn up to ensure a large degree of continuity with the previous programming period, 2007-2010, while introducing improvements proposed by the MTR, the Structured Dialogue (SD) and the development education and awareness raising study (DEAR). In particular, more attention was paid to the strategic positioning of the programme at local level with respect to other EU instruments: Delegations were requested to implement a 'tailor-made' approach taking into account the local environment in which the various actors exercise their right of initiative.

The share of the programme devoted to multi-country activities was reduced to favour of actions in a single country. A global multi-country call for proposals was launched in November 2011, jointly with the Neighbourhood civil society facility (under the ENPI). The global objective of this call – in line with the NSA&LA strategy 2011-2013 and the conclusions of the SD – is to support actions aiming at strengthening regional, continental and global civil society representative networks active in development cooperation in partner countries, as well as multi-country actions led by these platforms, tackling issues of global concern. Additionally, for the Neighbourhood region only, the call also addresses civil society organisations which are not part of networks, if their actions have a regional dimension and aim at strengthening and promoting civil society organisations' role in reforms and democratic changes taking place in the Neighbourhood countries.

As for country-based interventions, priority was given to local actors and to the strengthening of their capacity. Actions were targeted to local needs, in terms of organisations, themes, sectors, priorities and specific areas. Moreover, the new strategy opened up the possibility to explore new and more effective aid delivery methods, in line with the Paris Declaration and the Accra Agenda for Action. A set of 12 technical sheets of aid delivery modalities was produced during the SD process and expected to be effective in 2012 (in particular, direct award of grants, re-granting, financing in full as well as transfer agreements, delegation agreement and/or contribution agreement).

The annual action programme for 2011 allocated a total of €31.7 million: €194.5 million for NSAs and €37.2 million for local authorities. For in-country operations, €143.6 million were set aside for NSAs and €27.4 million for LAs. Actions were launched for 79 countries with these funds. 2011 also saw the development of a more strategic approach of the Commission's services concerning the role of local authorities. Following the large response to the call for proposals published at the end of 2009, the Commission launched a new global call for proposals in November 2011 addressed to local authorities. This will give priority to

initiatives that target strengthened institutional capacity of the associations of local authorities at regional, continental or international level. The call will also support projects that facilitate ongoing de-centralisation processes in partner countries as well as awareness-raising activities by local authorities within the EU and acceding countries.

In addition, the online portal of de-centralised co-operation, hosted by the Committee of the Regions, went live at the end of 2011. It is a work tool for European local authorities involved in development co-operation projects. This site will, among other things, enable local authorities from the EU and their partners in developing countries to interact on future projects. This portal will also make the ‘Atlas of decentralised Cooperation’, financed by the Commission and already available online since 2010, more accessible.

A positive discussion has continued between the associations who are members of PLATFORMA – a platform for dialogue between European local authorities working in the area of development cooperation and Commission services. PLATFORMA will continue to receive funding from the NSA-LA thematic programme until 2013.

During 2011, the Commission strengthened the online portal targeting civil society and local authorities: CiSocH (Civil Society Helpdesk)⁵⁰. Its objective is to provide a single entry point in order to facilitate access to already existing information on subjects with a particular interest for non-state actors and local authorities, in order to facilitate their understanding of procedures, vocabulary and working methods. The strength of CiSocH is that it concentrates on access to targeted information which is available elsewhere (in other internet sites from the Commission, the Council and other institutions) and organises this information around ‘concepts’ relating to issues of a particular interest for civil society and local authorities. For each concept, a brief description of the subject is provided, as well as links to the relevant web pages and documents.

1.3 Migration and asylum

The ‘Stockholm Programme’ confirmed the EU’s global approach to migration, which is built around three pillars: facilitation of labour migration, prevention and curbing of irregular migration and promotion of the links between migration and development, as the strategic framework of the external dimension of EU migration policy. The evaluation of the global approach in early 2011 led to the adoption in November 2011 of the global approach to migration and mobility, aimed at framing the EU’s external migration policy to ensure coherence between EU foreign policy and development co-operation and a better thematic and geographical balance.

The thematic programme, “cooperation with third countries in the areas of migration and asylum” (TPMA) is the main specific instrument for external cooperation in the field. The 2007-2013 programme has a budget of €384 million. The second half of the TPMA with the 2011-2013 multiannual strategy paper was approved in the first semester of 2011.

While recognising the southern Mediterranean and the sub-Saharan Africa, the Middle East and Eastern Europe as EU priority regions for external cooperation, special attention will also

⁵⁰ [https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/Main_Page]

be paid to thematic priorities. These include: support to unaccompanied minors, the fight against human trafficking, facilitation of circular migration and labour migration, support to the negotiation and implementation of re-admission agreements, international protection of asylum seekers and refugees, support to the mobility partnership and migration research

The 2011 TPMA annual action plan encompassed the following measures:

- a call for proposals combining the budgets for 2011-2012 totalling €74 million, the share for 2011 being €36 million. Launched in October 2011, the call for proposals resulted in the submission of more than 470 concept notes.
- €3 million for a targeted project linked to support the action plan adopted in Poznan in November 2011 for the second phase of the Prague process.
- €3 million for a targeted project in the framework of the EU-Armenia mobility partnership.
- €2 million for a targeted project to consolidate the migration management capacities in the Republic of Moldova.
- €4.5 million for the 'Migration EU Expertise II' (MIEUX II): with 40 requests for assistance received covering 50 countries, MIEUX I contributed to building trust and opening channels of cooperation with third countries. The scope of the programme has been broadened, compared to the first phase, to encompass almost all areas covered by the global approach to migration.
- €6.6 million were allocated for special measures for a project to support the Libyan Government's effort to stem irregular migration and assist vulnerable stranded migrants and another to improve protection and provide assistance to refugees and asylum seekers displaced in the Horn of Africa.

In 2011, 18 out of the remaining 19 projects issued from the 2009-2010 call for proposals were contracted. One in Syria could not be contracted due to the political situation in the country. Among the most significant projects financed and carried out in 2011 was a strengthening of Armenia's migration capacities, with a particular focus on re-integration activities, in the framework of the EU-Armenia mobility partnership. The Special Measure: "Regional Assisted Voluntary Return Programme for Stranded Migrants ex-Libya" aims to support the Libyan Government's effort to stem irregular migration along the Western and Eastern migration routes and assist vulnerable stranded migrants. Due to the 2011 conflict, thousands of regular and irregular migrants rushed to escape across Libya's borders, exacerbating the migration challenges for a country already considered as a transit country.

In terms of cooperation frameworks with partner countries, the TPMA has substantially contributed – through both targeted initiatives and projects selected within the call for proposal – to the effective implementation of mobility partnerships between the EU and Moldova, Cape Verde and Georgia. It has also led to the launch of a new partnership with Armenia. Discussions are ongoing to establish new mobility partnerships with other countries, especially North African countries, especially Morocco and Tunisia, in the near future.

The Commission also continued to play an active role in the policy dialogue on migration and asylum issues in various international and regional events such as the 5th Global Forum on Migration and Development which took place in Geneva, Switzerland, in December 2011. There, as well as in other fora, the EU has supported the development of migration profiles as an essential tool for the definition of national development policies. In the framework of the EU-Africa dialogue, the migration, mobility and employment partnership – an initiative which aims to facilitate dialogue and exchange of information and good practices – is supported by the TPMA. However, the second action plan endorsed by EU and African

leaders at the Tripoli summit of 29/30 November 2010, could not be fully implemented due to the political crisis in Libya, at the time co-chair of the MME partnership. Finally, the Commission also played an active role in the Euro-African Dialogue on Migration and Development (Rabat Process), especially as regards the Ministerial Conference that took place in Dakar in November and resulted in the adoption of an ambitious action plan.

Cooperation with partner countries in Eastern Europe, the Southern Caucasus and Central Asia has been strengthened, at either a bilateral level or through dialogue and co-operation platforms such as the Black Sea co-operation platform, the Budapest Process, the Eastern partnership and the Soderköping process, or through initiatives such as 'building migration partnerships/Prague process'. The structured dialogue with Latin America, launched in 2009, is also moving forward, supported by a targeted initiative which started its activities at the beginning of 2011. The project is running smoothly. It intends to strengthen political dialogue through the activities carried out in the LAC countries. In its first year, it has focused on data collection and capacity building.

On February 2011, the Commission launched an evaluation to assess the extent to which the projects on labour and circular migration, funded by TP MIGRAS and the former AENEAS programme, have reached set policy objectives and how performance can be improved. The results of this overall independent assessment served as guidance for the Commission services and provided practical recommendations for follow-up actions and for improved future planning.

1.4 Environment, climate change and sustainable development

Environmental protection, climate change and sustainable development remained key topics in 2011. The Commission seeks to address the issues through the following instruments: geographic support, funds from the thematic programme for the environment and the sustainable management of natural resources including energy (ENRTP) and through the use of innovative initiatives such as the GCCA, FLEGT and the EU water facility.

Flow of ideas on water

Following the drafting of an issue paper by the EU's Hungarian Presidency on the 'role of water in development policy' and in response to the conclusions of the June 2011 Council, the EU is working towards an updated and strengthened EU policy and implementation framework for sustainable water management in developing countries. The importance of water was further highlighted by the 2011 Bonn Conference on the water, energy, food security nexus in which the Commission actively participated.

In total, the Commission committed around €600 million to support these themes. This sum comprises around €500 million from geographical programmes, €80 million from the ENRTP and €50 million from the water facility, including part of the new and additional funds made available by the Commission (€25 million) and EU Member States (€23.8 million) to provide fast start financing for climate change actions. Within the ENRTP, the Commission also committed €20 million to programmes reducing CO² emissions from deforestation and forest degradation (REDD) via its contributions, for example, to the forest carbon partnership facility (FCPF) and the UN-REDD programme.

In addition, there are the many geographical projects and programmes where these themes are addressed indirectly: environment and climate change issues are increasingly integrated and mainstreamed in project preparation and appraisal. The total amount of the Commission portfolio allocated for sustainable development is thus considerably higher.

A specific project aiming at protection of **natural resources**, including marine resources and biodiversity, is the Honduran Biological Corridor Project which aims to protect natural resources, promote sustainable watershed management and safeguard economic activity, including agriculture and fishing, with EU support of €25 million until 2013.

Alongside its important project and programme work, the Commission has also played key roles in negotiations that take place in the context of the UNFCCC and in negotiating voluntary partnership agreements with countries exporting timber to the EU (see box below).

Also on protection of **forests**, through the CEOFAC (Observatory for the Forests of Central Africa) project, the Commission is providing decision-makers of the Congo Basin with reliable information on *forest* cover change, forest management practices, and biodiversity value and threats, as input for international negotiations on climate and eco-systems. ‘The State of the Forests, 2010’ was produced by the Observatory with over 100 contributors.

Turning to **energy**, under the RENAF (*Rural electrification, renewable Energy and communication in Africa*) project, the Commission is contributing to building an African-based scientific network focusing on sustainable projects to reduce **energy** poverty by strengthening collaboration and knowledge exchange in rural electrification and renewable energies. Through a competence/capacity building workshop for energy experts and the publication of joint scientific papers, this initiative contributes to the achievement of the poverty eradication MDGs and on combating climate change.

Finally, on water, the Commission, with the support of the EUWI (EU Water Initiative), completed the second edition of the ‘Water Project Toolkit’, to be presented at the March 2012 World Water Forum.

A set of important agreements were concluded at the UNFCCC conference in Durban. Firstly, the Durban platform for enhanced action was set up to negotiate a roadmap for a new comprehensive legal instrument to be agreed by 2015 and implemented as of 2020. In the meantime (2012-2020), a second commitment period for the Kyoto Protocol was also endorsed; the clean development mechanism will thus continue to benefit LDCs. With regard to climate financing, the governance structure of the green climate fund was approved; this will eventually channel the increasing climate finance flows towards developing countries. Finally, several Cancun decisions were implemented including the adoption of detailed rules for monitoring, reporting and verification and the setting up the adaptation committee.

Liberia and Central African Republic commit to FLEGT

Under **FLEGT**, two voluntary partnership agreements (VPA) were signed respectively with Liberia and the Central African Republic in 2011. This brings the number of agreements being implemented to six: Ghana, Cameroon, Congo, Liberia, Central African Republic and Indonesia. Negotiations are ongoing with Gabon, Democratic Republic of Congo, Malaysia and Vietnam. Laos, Côte d’Ivoire and Honduras have expressed their interest in starting negotiations in 2012. All countries will develop a licensing scheme which will guarantee that

timber products exported to the EU are legal and that the forest sector contributes to the development of the producer countries.

Collaborating on climate change

The cycle of Global Campaign for Climate Action (GCCA), regional conferences between the EU, LDCs and SIDS was finalised with the conferences held in Vanuatu and Belize in March 2011. This year, the GCCA also started a series of workshops on mainstreaming climate change into national planning and budgeting which has trained 100 government officials from 49 partner countries.

GCCA in Cambodia reached its mid-term in 2011. The programme has already reaped results in the mainstreaming of climate change into overall development strategies. It has supported the creation of an inter-ministerial body for technical advice on climate change and a platform for dialogue on the same topic. GCCA is also enabling Cambodian officials to participate in international negotiations in climate change (through the preparation of position papers, sharing the outcomes of negotiations) and is assisting in-depth analysis to inform policy making. The first call for proposals under GCCA Cambodia produced eight climate change adaptation interventions covering ten provinces and multiple sectors such as agriculture, fisheries, forestry, bio-diversity, urban/coastal infrastructure, disaster risk reduction and community development.

EU backs ‘sustainable energy for all’

UN Secretary-General, Ban Ki-moon, called for the world to meet the goal of universal access to clean, affordable energy by 2030. To this end, he set up a high level group on sustainable energy for all. This initiative, in which Commissioner for Development Andris Piebalgs was asked to participate, aims at engaging governments, the private sector, and civil society partners to achieve three major inter-linked targets by 2030: ensuring universal access to modern energy services, improving energy efficiency at all levels and a doubling of the share of renewable energy in the global energy mix.

EU energy initiative gains momentum

The EU is firmly committed to addressing the current and future energy and development challenges jointly with its development partners. The EU Energy Initiative (EUEI) is a key vehicle for the Commission and Member States to jointly deliver on these commitments. The EUEI celebrates its 10th anniversary in 2012 and is currently preparing a renewed mandate. This will focus on improving its impact and visibility and optimising financial resources as well as suggesting innovative approaches for financing.

An example of a specific EUEI initiative: the Africa-EU Energy Partnership (AEEP) is a long-term framework for structured political dialogue and co-operation between Africa and the EU on energy issues. Under the AEEP, the Africa-EU renewable energy cooperation programme is currently being developed. It aims to promote development of the renewable energy market, capacity building, application of feed-in tariffs, technology transfer, mobilisation of financing, and the setting up of renewable energy centres. It will serve as an umbrella for and monitor renewable energy investments within EU bilateral programmes in view of the 2020 targets for renewable energy agreed between the EU and Africa. In addition, the ECOWAS renewable energy and energy efficiency centre (ECREEE) in Praia, Cape

Verde, became operational and 11 energy projects were accepted for financing by the infrastructure trust fund.

Disaster risk reduction

Following the adoption of an EU strategy on disaster risk reduction (DRR) in developing countries in 2009 which highlighted the need to inter-link DRR and climate change adaptation, a DRR implementation plan with concrete measures was adopted in April 2011. The plan's overarching objective is to harmonise and increase the effectiveness of EU external action in DRR, by focusing on four main priorities: enhancing multi-level and multi-stakeholder dialogue on DRR; supporting regional approaches to DRR planning, implementation and capacity building; greater integration of DRR into the EU's external action policies and co-ordination of EU support to key DRR investments, including the strengthening of information systems and carrying out risk analysis for integrating climate change into DRR.

A number of concrete actions have been identified in this framework among which a €60 million contribution from the Commission to the World Bank-managed global facility for disaster risk reduction (GFDRR), to address prevention, mitigation and preparedness to natural hazards in ACP States, focussing on the following priority areas: the mainstreaming of disaster risk reduction; risk identification and assessment; early warning systems and communication on DRR and risk transfer and integration of DRR into recovery initiatives. Funds are drawn from the 10th EDF's intra-ACP programme.

1.5 Food security

Progress towards achieving the MDG on the eradication of extreme poverty and hunger (MDG1) continues to be hampered by various factors: the effects of climate change, price volatility, gender inequality, access to land, poor nutrition and situations of protracted crisis, to name but a few. In 2011, the famine in the Horn of Africa was one example reflecting many of these challenges.

According to 'the state of food insecurity in the world'⁵¹, 925 million people were suffering from chronic hunger in 2010. In February 2011, the World Bank estimated that rises in food prices during the second half of 2010 and early 2011 pushed an additional 44 million people into poverty in low- and middle-income countries. After decades of generally declining food prices, the past few years have shown increasing instability. Rising food prices and increased food price volatility can have serious implications for the almost one billion people already suffering from hunger.

'Garden in a sack' assists Nairobi's most vulnerable citizens

In Nairobi, Kenya, the EU is helping the urban poor produce some of their own food through the urban agricultural initiative 'Garden in a sack'. For Nairobi's shanty towns: Kibera, Mathare, Kiambiu and Mukuru-Lunga it means food security, proper nutrition, employment and a source of income for some of the capital's most vulnerable people using minimal space. By the end of 2011, 22 374 households had received inputs and training in kitchen garden

⁵¹ Food and Agriculture Organisation (FAO) and World Food Programme (WFP): The State of Food Insecurity in the World (2010)

techniques; greenhouse vegetable and poultry production. Many of the households are headed by women and are affected by AIDS.

Sustainable agriculture, food security and nutrition – a top priority in development cooperation

The Commission's commitment to tackling global hunger and malnutrition is strong and long-standing. The Commission has never disinvested from these fundamental sectors and it has played a leading role in the areas for many years. In its development cooperation, the Commission attaches high priority to agriculture, food security and nutrition, not least because it is a key area where the EU can best support developing countries' efforts to speed up progress towards the MDGs. In 2011, the new policy framework for development, "An Agenda for Change"⁵², firmly reflects the EU approach to do more, to do it better and to do it faster in order to support inclusive and sustainable growth in developing countries. In this context, sustainable agriculture, food security and nutrition have been placed high on the development cooperation agenda and in the dialogue with partner governments (see Chapter 1).

EU cooperation with developing countries is largely delivered through country programmes such as the EDF where support to agriculture, rural development and food security is important in many countries. This is often complemented by other means such as the €1 billion EU food facility (2009-2011) and the almost €1.7 billion food security thematic programme (2007-2013).

Small-scale farmers in Zambia increase production

In Zambia, the EU is funding a FAO project to support small-scale farmers to restore and increase agricultural productivity and production. As a result, the farmers will make better use of expensive inputs and produce more of their own food, at a time when commodity prices have been rising. The project provided farmers with an inputs package to implement the training they received and serve as a demonstration to others in the community. By the end of 2011, a total of 127 516 farmers had received training via the project.

The food facility – on target

The food facility is a prime example of the EU's commitment. The EU reacted quickly to the 2008 crisis triggered by volatility of food prices with the €1 billion food facility (2009-2011) to tackle food insecurity in 49 developing countries. Three years later, 90% of the funds have reached more than 50 million direct beneficiaries via more than 230 projects implemented by international organisations, Member State agencies, NGOs and partner countries. The projects were mounted in record time and controls were applied via monitoring, evaluation and audit procedures. The food facility has proven that rapid response is possible, together with enhanced donor coordination and cooperation, and it has contributed to finding innovative ways of project implementation. A full evaluation will be available in 2012.

The food security thematic programme

⁵² 'Increasing the impact of EU Development Policy: an Agenda for Change', <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0637:FIN:EN:PDF>

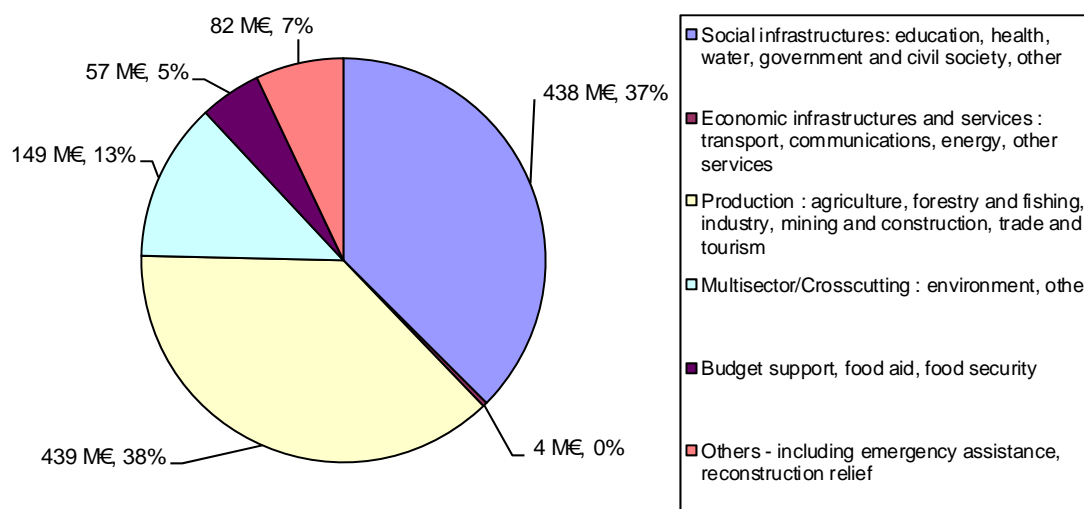
In July 2011, the 2011 annual action plan of the food security thematic programme was adopted with a budget of €230 million. The 2011 annual action plan pays a great deal of attention to agricultural research for development, technology transfer and innovation (€42.5 million), strengthening food security governance at global, regional and national levels (€50 million) and addressing food security for the poor and vulnerable in fragile situations (€137.5 million).

A rinderpest-free world

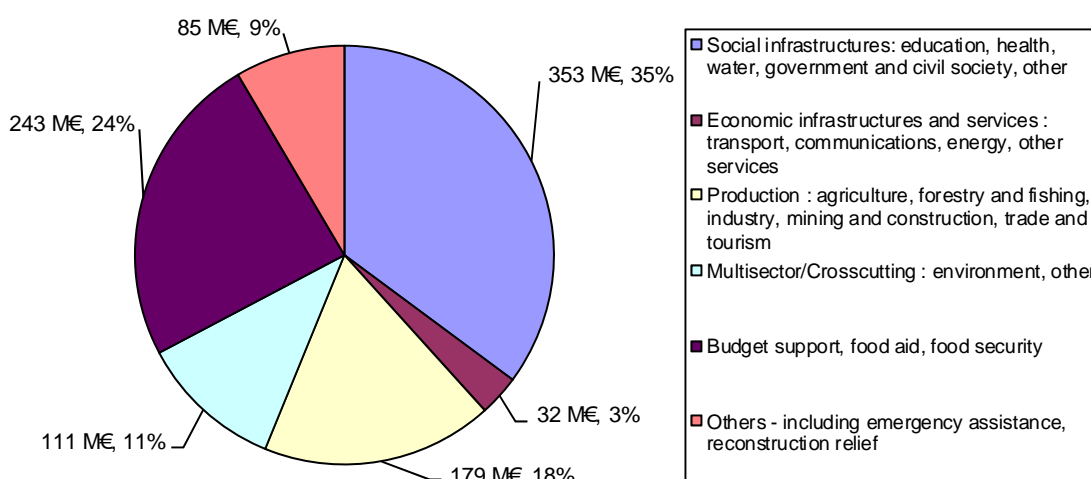
Rinderpest has killed hundreds of millions of livestock and wildlife, resulting in colossal economic losses and contributing to famine and social unrest all over the world. Over the past few decades, the fight against rinderpest has moved from control to mass vaccinations and co-ordinated efforts at global level. The EU has been the leading force, contributing €390 million worldwide to rinderpest control and eradication over 50 years, helping partner countries to build sustainable capacity in animal health. In May 2011, rinderpest was officially declared eradicated by the World Organisation for Animal Health (OIE) and the Food and Agriculture Organisation (FAO). In accordance with the decision taken by the OIE World Assembly, member countries of the OIE are now exempted from annual reconfirmation for 'rinderpest free' status.

Table 24 DCI Thematic - Breakdown by sector of external aid financed on the general EU budget managed by EuropeAid in 2011

Commitments in €million



Disbursements in €million



Bilateral and multilateral ODA (EuropeAid only). Including Food Facility.

Table 25 DCI Thematic - External aid financed on the general EU budget managed by EuropeAid

€million	2007	2008	2009	2010	2011
Commitments	834	956	1 854	1 204	1 173
Disbursements	745	838	1 233	1 210	1 044

Bilateral and multilateral flows (EuropeAid only).

Table 26 DCI Thematic - General and sector budget support per country				
Commitments in € million				
Country	GBS / SBS	Sector	Description	Total
Bhutan	SBS	Environmental policy and administrative management	Global Climate Change Alliance - climate change adaptation in the renewable natural resources sector	4.40
Bolivia	SBS	Agricultural policy and	Reponse to the food price crisis - reinforcement of operations in health and food security - Bolivia	4.00
Guyana	SBS	Industrial crops/export crops	Guyana Annual Action Plan 2011 on accompanying measures on sugar	24.92
Jamaica	SBS	Trade-related adjustment	Accompanying measures for sugar protocol countries 2011 – Jamaica – Sector Budget Support	30.95
Mauritius	GBS	General budget support	'Promoting Sustainable and Equitable Development'	55.41
Mauritius	GBS	General budget support	General budget support - global climate change for Mauritius	0.10
Samoa	SBS	Water sector policy and administrative management	Global Climate Change Alliance:supporting climate change adaption for the Samoan water sector	3.00
Grand Total				122.79
GBS : General Budget Support				
SBS : Sector Budget Support				

2- Democracy and human rights

Support for democracy at the forefront of EU development cooperation

The EU has throughout 2011 put a stronger emphasis on offering assistance to democracy and human rights resulting in the adoption of its “Agenda for Change” and has strengthened political conditionality when offering direct budget support to partner countries worldwide. Closer to the EU, the events in the Arab world have confirmed the need to beef up its activities in the field of democracy support. The Joint Communication on the Southern Mediterranean of March 2011 committed the EU to support democratic processes that were sweeping the Arab world by fostering deep and sustainable democracy in the region. The further Joint Communication on the ENP in May 2011 also pledged increased EU financial assistance in return for democratic and socio-economic reforms in the countries of the EU's eastern and southern neighbourhood.

As a result, the EU's activities in support of democratic processes, electoral and constitutional reform in the Arab world and further afield have been strengthened. So has the EU's engagement with all the different democratic political actors and stakeholders, including civil society, media, parliaments and increasingly, political parties. As part of this effort, the EU has for the first time launched a dedicated global call for proposals through the EIDHR in June 2011, with a specific focus on democracy. It aims to support the activities of local civil society in the field of democratisation.

The EU is increasingly putting in practice its comprehensive approach to democracy support, including through the European Instrument for Democracy and Human Rights (EIDHR) and

has led to results such as, among others, legislative changes (e.g. election laws in Moldova), reinforced political parties (e.g. in Tajikistan), increased participation of under-represented groups in political life (e.g. women in Azerbaijan and Ghana, youth in Kyrgyzstan and indigenous communities in Bolivia), safeguarding freedom of expression and a free press (e.g. in Côte d'Ivoire, enhancing citizens' trust in electoral processes (e.g. in Bangladesh) and in better information, monitoring, and transparency of political activity (e.g. in the Philippines).

The EIDHR works in synergy with the EU's other financial instruments and offers a comprehensive package of local actions to encourage political pluralism, empower disenfranchised groups, defend victims and promote dialogue, fostering mediation, transparency, accountability and consultation. Between 2007 and 2010, approximately €307 million funded over 700 democracy-related projects through the EIDHR.⁵³ These covered various categories of actions: democracy building (€36 million), election related projects (€2.9 million), freedom of expression and association (€39.3 million), education to pro-democracy and civil society building (€37.9 million), operations in difficult situations and countries where human rights and democracy cannot be distinguished (€62.9 million) and EU election observation missions (€128 million).

A good example of the comprehensive approach to democracy support is provided by Nigeria where the EU took the decision in 2011 to launch a €20 million (10th EDF) project to support the Nigerian electoral cycle 2012-2015. It specifically aims at the electoral reform process and some of the broader capacity building areas which will emanate from post-election audits, evaluations and reviews. The key beneficiaries include the Independent National Electoral Commission (INEC), the parliament, the judiciary, political parties, CSOs, the media and the security sector.

Electoral processes

Elections are an essential component of democratic governance. Actions supporting genuine elections can make a relevant contribution to peace and development objectives. EU support for elections is provided in two complementary forms: electoral assistance and EU election observation missions.

In 2011, the EU supported electoral processes in a number of countries including Haiti, DRC, Tunisia, Zimbabwe and El Salvador. Without reducing its worldwide effort and focus, the EU has been strengthening its support for the wave of democratisation that is taking place in the southern Mediterranean and the Middle East. Assistance is being provided, or prepared for the democratic reform processes in Jordan, Libya and Egypt.

Knowledge and policy development, as well as collaboration with the main players in the electoral assistance domain, continue to be priorities for the EU. A thematic workshop on elections, violence and conflict prevention took place in June 2011, involving representatives of electoral commissions of many developing countries. The workshop, organised in collaboration with UNDP, produced a comprehensive summary report. General training on electoral assistance programmes implemented by UNDP in the context of the SPA between the UN and the EU was also organised at the beginning of 2011.

⁵³ http://www.eidhr.eu/files/dmfile/EIDHR_DemocracyReport2.pdf

Over the last six years (2005–2010), the EU has spent nearly €600 million – about €100 million a year – on electoral assistance. The money comes from geographic programmes, the Instrument for Stability and the EIDHR. It delivers capacity–building and technical and material support to electoral processes in nearly 60 countries. Almost two-thirds of the support was geared towards Sub–Saharan Africa. A big part went to post–conflict countries such as the DRC, Afghanistan, Sudan, Côte d’Ivoire and Iraq.

Assisting the electoral process in Liberia

After over a decade of civil war, Liberia embarked on the path to recovery in 2003 following the Accra peace agreement. The 2011 presidential and legislative elections, the second to be held since the war, were a major step forward in strengthening democratic processes.

The EU allocated €7 million to a joint donors’ basket fund for electoral assistance (managed by the UNDP). It aims at deepening the democratisation process by supporting the NEC (National Election Commission) and core electoral stakeholders throughout the electoral process, contributing to electoral reform and enhancing the links between elections and parliamentary development. Overall, the project has improved administration of the elections in a challenging legal and logistical environment. The NEC showed lead and ownership throughout project implementation. This was facilitated by embedding the project’s technical experts within the NEC’s premises, resulting in an easy transfer of expertise. Coordination among international partners and complementarity of electoral support gave satisfactory results. Important lessons were learned through women’s participation in elections and civic education on making improvements to the electoral process. The project continues until the end of 2012 with post-electoral activities, capacity development, an institutional review of the NEC and building on what has been learned. Key findings and recommendations of the EU election expert mission (EEM) will be fed into the exercise.

Ensuring domestic accountability by strengthening parliaments

The EU puts domestic accountability at the centre of its support for democracy the strengthening of parliaments is crucial in this regard. It is increasingly shifting the focus of its activities from strengthening the executive branch of government to activities that enhance the legislature and establish checks and balances.

A comprehensive review was completed in 2011 which looks into how the EU has supported parliaments worldwide over the past decade and provides practical guidance for support to parliamentary institutions. The study showed that since 2000, the EU has spent close to €150 million on strengthening parliaments worldwide (excluding candidate countries and potential candidates to EU accession). Successful projects were those based on careful groundwork, where there was an understanding of the overall governance environment and of the motives of political actors. Such projects tended to take a longer–term approach and occurred where there is a positive environment for democratic development. They demonstrate strong national ownership, clear objectives, strong delegation of ownership, and thorough programme planning. The study further underlined the need to share best practices, to develop parliamentary support programmes in conjunction with other democracy support activities (e.g. support to civil society, political parties and the media), to focus predominantly on partner countries which show a commitment to democratic values and where there is an emphasis on democratic development in the bilateral political dialogue.

This review process resulted in the publication of the EU reference document, “engaging and supporting parliaments worldwide: EU strategies and methodologies for action to support parliaments” which was extensively disseminated throughout 2011, including through a training module. The publication serves as a practical tool for EU staff and other stakeholders, presenting ways of engaging with and supporting parliaments in partner countries and is being used by EU Delegations.

Support to the Parliament and institutionalisation of Kyrgyzstan’s new democratic constitution

The popular revolution of 2010 halted the then executive’s attempts to re-impose authoritarian governance, and resulted in a provisional government charged with institutionalising a democratic order. The government and parliament have reached out to the EU for support in designing and implementing a new democratic order constituted as a parliamentary republic.

Under the programme, the EU has supported parliament through three projects beginning in 2007 and continuing through to 2012. All three, worth €2 million, were delivered by UNDP and focused on: strengthening parliament’s legislative capacities, on public understanding of parliament’s work, and in enhancing parliament’s use of ICT; helping parliament meet its responsibilities outlined in the revised 2007 constitution, and covering legislation, oversight, and representation functions and supporting the institutionalisation of the legal framework underpinning the country’s new democratic constitution.

EU support to the Kyrgyz parliament has enhanced the capacity of parliamentarians and parliamentary administration which in turn has improved the effectiveness and stature of the institution. It has supported critically important revisions to the constitution and is now helping to institutionalise the new democratic order. While Kyrgyzstan continues to face many challenges in its democratic transition, EU support has helped to strengthen parliament as a central democratic institution, enabling the country to preserve and extend democratic freedoms which stand out in a regional neighbourhood often characterised by authoritarian governance.

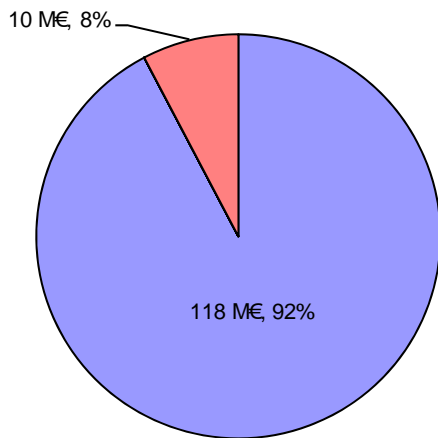
Engaging with political parties

EU support to political parties has predominantly been provided within broader electoral assistance projects. Following the Arab Spring, the EU has strengthened its engagement with political parties due to the crucial and multiple roles they play in fostering a democratic system of governance. The EU has only engaged with political parties that share democratic values, on the basis of a non-partisan approach and indirectly, through training programmes and other capacity-development activities (direct funding of political parties is prohibited under EU rules). The EU is increasingly supporting the introduction of legal or constitutional frameworks that empower democratic political parties and allow them to act as all-inclusive vehicles of representation.

In particular, through the IfS and the EIDHR, the EU was swift in providing support to political parties in Tunisia and Egypt in the aftermath of the popular uprisings. This has notably been targeted towards domestic election observation and training for political parties. Such support has been granted as part of a broad democratisation package including constitutional and electoral reform, support to civil society watchdogs, the promotion of freedom of expression, support to media, civic education, etc.

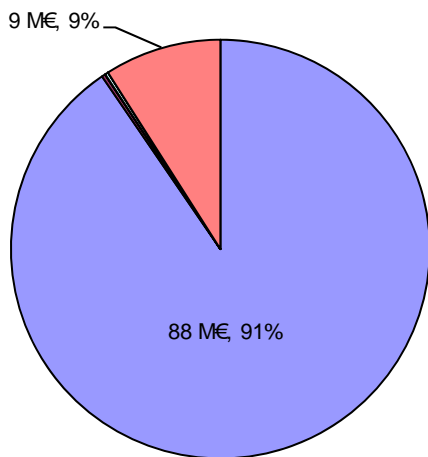
Table 27 EIDHR - Breakdown by sector of external aid financed on the general EU budget managed by EuropeAid in 2011

Commitments in €million



- Social infrastructures: education, health, water, government and civil society, other
- Economic infrastructures and services : transport, communications, energy, other services
- Production : agriculture, forestry and fishing, industry, mining and construction, trade and tourism
- Multisector/Crosscutting : environment, other
- Budget support, food aid, food security
- Others - including emergency assistance, reconstruction relief

Disbursements in €million

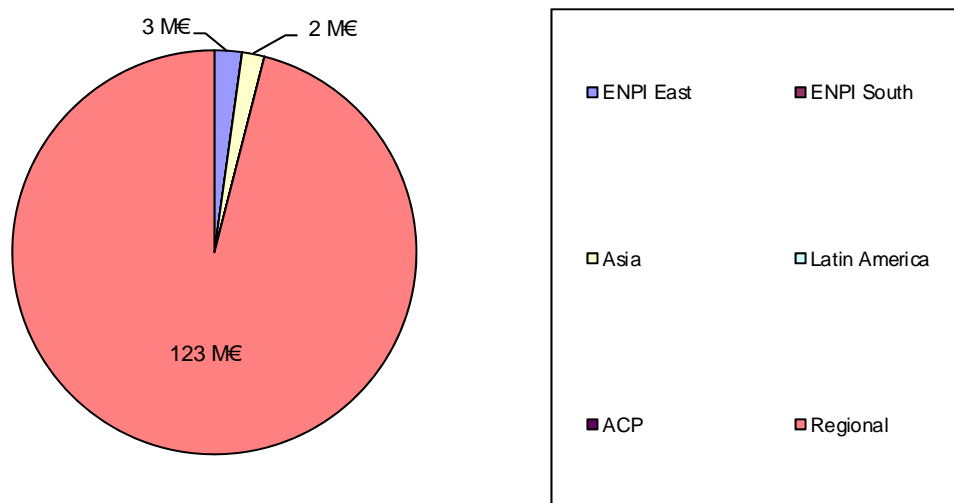


- Social infrastructures: education, health, water, government and civil society, other
- Economic infrastructures and services : transport, communications, energy, other services
- Production : agriculture, forestry and fishing, industry, mining and construction, trade and tourism
- Multisector/Crosscutting : environment, other
- Budget support, food aid, food security
- Others - including emergency assistance, reconstruction relief

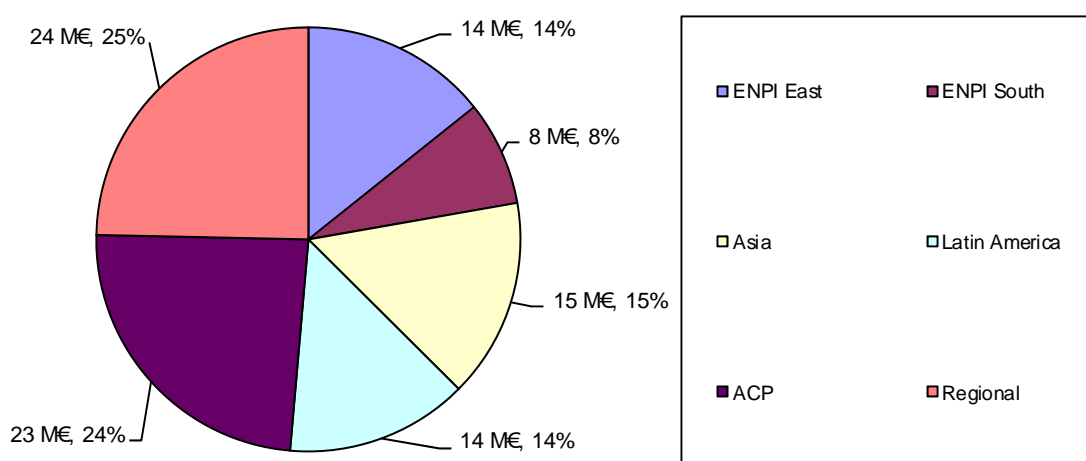
Mains sectors : Government and civil society, Administratives costs related to EIDHR
 Bilateral and multilateral ODA (EuropeAid only).

Table 28 EIDHR - Breakdown by region of external aid financed on the general EU budget managed by EuropeAid in 2011

Commitments (€million)



Disbursements (€million)



Beneficiary countries not identified at commitment stage. (multi-regional call for proposal)
 Bilateral and multilateral ODA (EuropeAid only).

Table 29 EIDHR - External aid financed on the general EU budget managed by EuropeAid

€millions	2007	2008	2009	2010	2011
Commitments	142	153	162	166	130
Disbursements	130	121	131	160	102

Bilateral and multilateral flows (EuropeAid only).

3- **Stability**

3.1 Crisis response and preparedness

During the year the EU had to address several major crises, including the Arab Spring upheavals in North Africa and the Middle East. The EU also responded to acute situations in Yemen, Côte d'Ivoire, South Sudan and the wider Horn of Africa as well as protracted crisis situations in Sub-Saharan Africa (notably the Sahel), Central Asia, Afghanistan, Pakistan, Iraq and the West Bank/Gaza all of which required appropriate and sustained responses.

As a key policy step, a new approach to crisis and fragility is a feature of the 2011 'Agenda for Change' Communication. It contains a new approach recommending that human rights, democracy and good governance be given greater weight. The Communication also highlights the unique challenges of security, fragility and transition and the importance of state-building. The EU also adopted its Strategy on Security and Development in the Sahel and a comprehensive EU Strategy on the Horn of Africa.

In the context of strengthening the EU response to crises, a unit on fragility and crisis management was set up in the newly formed European Commission Directorate General EuropeAid. Its task is to develop the policy framework for cooperation in situations of fragility or crisis, as well as to provide appropriate support, guidance and tools to headquarters and EU Delegations.

In addition, 2011 also signalled the creation of the Service for Foreign Policy Instruments (FPI), a new Commission service managing programmes such as the Instrument for Stability (IfS), with a crisis response and preparedness component with flexible and fast-track procedures to make critical contributions towards responding to crisis. The Instrument for Stability was set up in 2007 with a budget of €2 billion until 2013.

During the course of 2011, another feature associated with the significant upgrade in crisis response organisational capacities was the creation of a Crisis Management Board within the European External Action Service (EEAS). Its role is to co-ordinate measures related to conflict prevention, preparedness and responses to crises of all types. In response to specific crises, the Crisis Management Board establishes Crisis Platforms, as necessary, to bring together the EEAS services and relevant services of the European Commission and the Council Secretariat. In addition, the EEAS has recently created a new Situation Room to provide a 24/7 contact and information service to support services at headquarters, EU Delegations as well as other internal and external stakeholders.

The major EU effort in 2011 to rationalise and coordinate the responses to crises has already had an impact on the EU's aid to fragile and crisis areas:

- In response to the **Arab Spring**, and particularly to the Libyan crisis, the EU reviewed the aid priorities for the countries of the region to focus more on governance, employment and youth. The EU will allocate up to €1 billion in fresh money (€3.5 billion had already been allocated to the southern Mediterranean countries for 2011-2013);
- A severe humanitarian crisis struck the **Horn of Africa** in 2011, resulting from the worst drought in 60 years and governance/security problems in the region. In addition to EU humanitarian aid actions, development measures aimed at fostering peace and security,

improving governance and building resilience were approved. Support was also given to AMISOM, the AU mission in Somalia, through the African Peace Facility (€15 million);

- The Commission allocated €285 million in 2010/2011 to support the new state of South Sudan, while future support for the preparation of a joint programming process is being launched with EU Member States.
- Under the "crisis response component" of the Instrument for Stability (IfS), the Commission committed €202.85 million for some 34 exceptional assistance measures in 21 different countries. These enabled the EU to help prevent, stabilise and respond in the short-term to crisis or emerging crisis situations linked to serious political conflicts as well as man-made and major natural disasters. For example, through the IfS, the Commission provided direct support to newly called elections resulting from the Arab Spring; it put specific emphasis on a strengthened participation of civil society in political transition processes (Tunisia, Egypt, Libya), including through a particular focus on women; measures were also mobilised in Côte d'Ivoire to support the new Ouattara Government and in the Democratic Republic of Congo to support Security Sector Reform. The IfS also supports projects on peace-building and conflict prevention which are implemented by international organisations and non-state actors (for example, in Bolivia, Timor-Leste, Zimbabwe, Nicaragua, Pakistan and Yemen), focusing inter alia on mediation and dialogue, situations of fragility and conflict, women peace and security, and human security.

The Commission also committed €15 million towards pre-crisis and post-crisis preparedness and related capacity-building in the framework of the so called Peace-building Partnership (PbP) under the IfS. Through this Partnership, the EU works with a wide range of stakeholders, including the United Nations, other international bodies, EU Member State agencies, non-governmental organisations (NGOs) and other civil society actors. These coordinated approaches are a key step to ensuring more efficient aid as demonstrating solidarity towards populations in fragile and crisis situations requires greater synergies, cooperation and exchanges between aid donors.

3.2 Global and regional trans-border challenges

Global and regional trans-border challenges are addressed by actions funded under the long-term component of the IfS. These cover trans-regional security threats, as well as chemical, biological, radiological and nuclear (CBRN) risks.

CBRN risk mitigation

A total of €1.5 million was earmarked for up to four new regional centres of excellence on chemical, biological, radiological and nuclear threats in cooperation with the UN and other major donors located in the Middle East, the Mediterranean basin, the southern Caucasus and Central Asia. They could also play a role in linking the external and internal dimensions of CBRN risk mitigation. To strengthen the analytical capacity of the International Atomic Energy Agency (IAEA), the EU is contributing €5 million to support the IAEA safeguards analytical laboratory.

Trans-regional threats

The EU co-operates with the regional centre on small arms and light weapons (RECSEA) in southern and eastern Africa. RECSEA is engaged in the fight against illicit trade in and excessive accumulation of firearms – including activities to strengthen law enforcement agencies' cooperation, training on marking and tracing techniques, and awareness-raising. The IfS is supporting the establishment of a database managed by Interpol to track illicit trafficking of stolen or lost firearms.

The EU supports a counter-terrorism programme for the Sahel region, including Mali, Mauritania, and Niger. The first phase of the programme has a budget of €4.5 million. It is timely, given the deteriorating security in the Sahel, and is part of a broader EU effort to support this volatile region.

The second phase of the trans-regional cocaine route programme – with a total budget of €19 million – is funding capacity-building measures in Latin America, the Caribbean and, in particular, West Africa. It involves law enforcement authorities from EU Member States.

In addition, the IfS critical maritime routes programme (€14 million) is helping to build the capacities of coastal states around the Horn of Africa to counter piracy and other forms of organised crime through improved maritime surveillance and training in maritime law enforcement. Support for investigations into piracy organisers and funders has been initiated with Interpol. Beyond the western Indian Ocean, the IfS supports a €500 000 project of the International Maritime Organisation (IOM) in the Straits of Malacca and Singapore to increase the preparedness and response capabilities of coastal states against incidents involving hazardous and noxious substances. The programme is also running in the Gulf of Guinea.

Through the IfS expert support facility on trans-regional threats and threat-preparedness, about 100 experts from 17 EU Member States belonging to 60 organisations and institutions have carried out more than 100 fact-finding visits and missions to west Africa, north Africa and the Middle East, the Sahel, Southeast Asia, central and south America and the Caribbean.

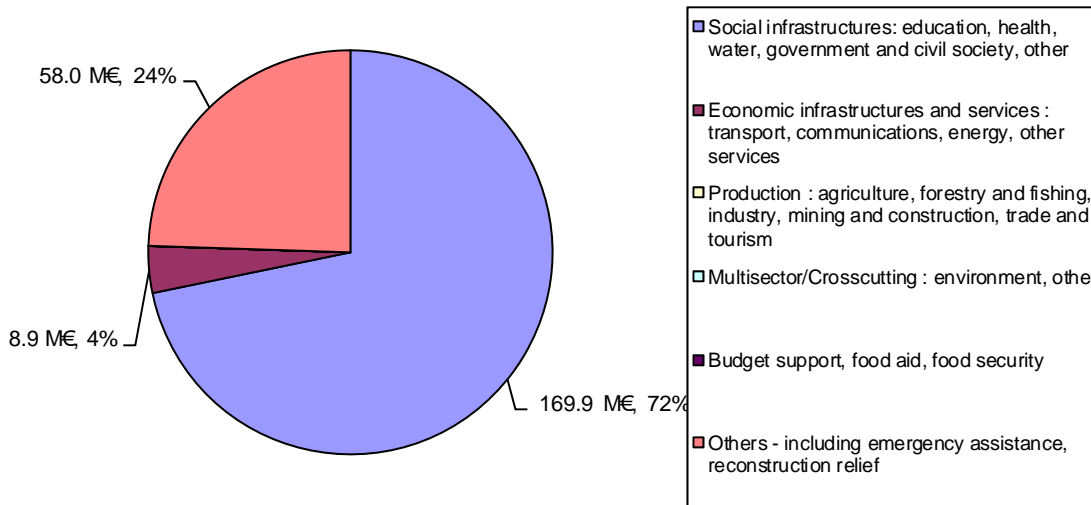
The EU CBRN-centres of excellence initiative, implemented jointly by the Commission and UNICRI⁵⁴, helps institutional capacity building to mitigate CBRN (Chemical, Biological, Radiological and Nuclear) risk in third partner countries⁵⁵. In 2011, the initiative established five regional secretariats and approved 23 capacity building projects that will start in 2012.

⁵⁴ UNICRI United Nations Interregional Crime and Justice Research Institute

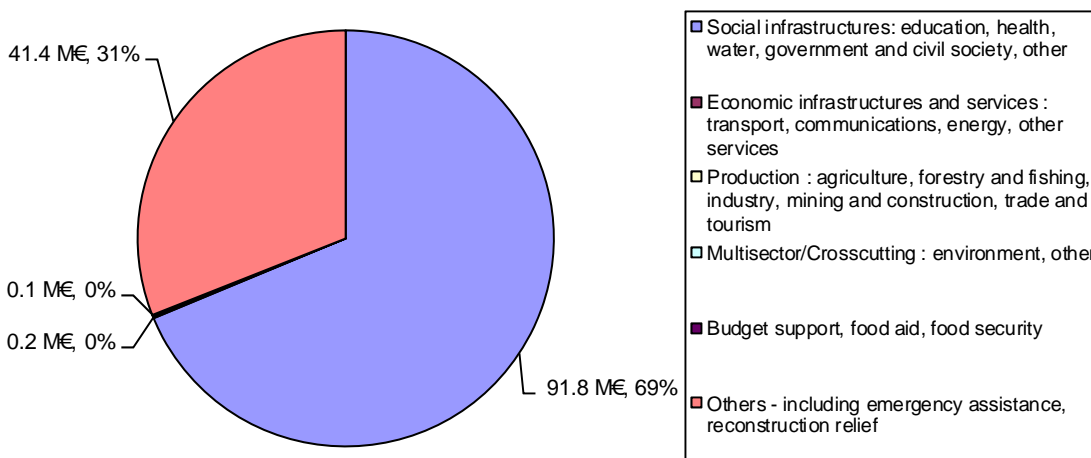
⁵⁵ <http://www.cbrn-coe.eu/>

Table 30 IFS - Breakdown by sector of external aid financed on the general EU budget managed by EuropeAid and FPI in 2011

Commitments in €million



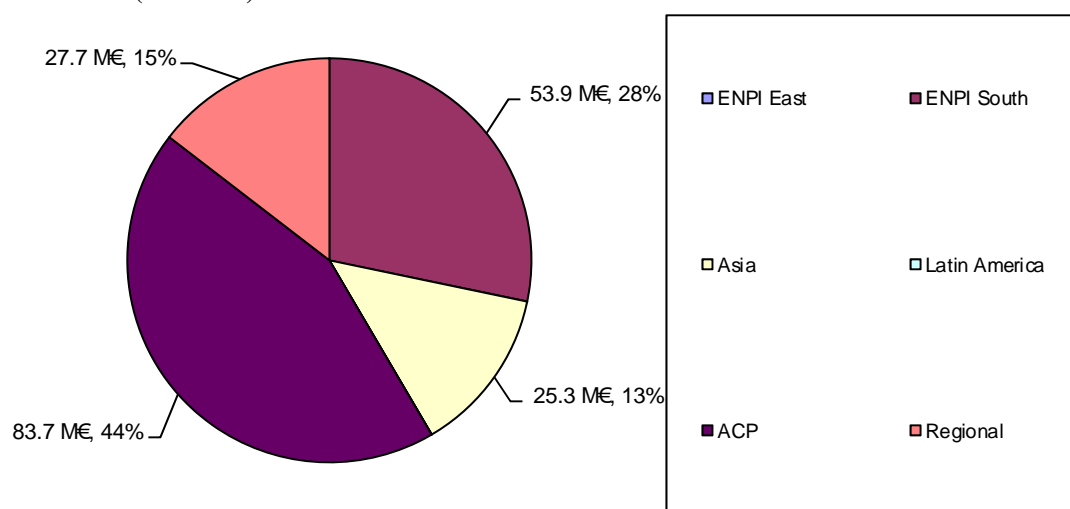
Disbursements in €million



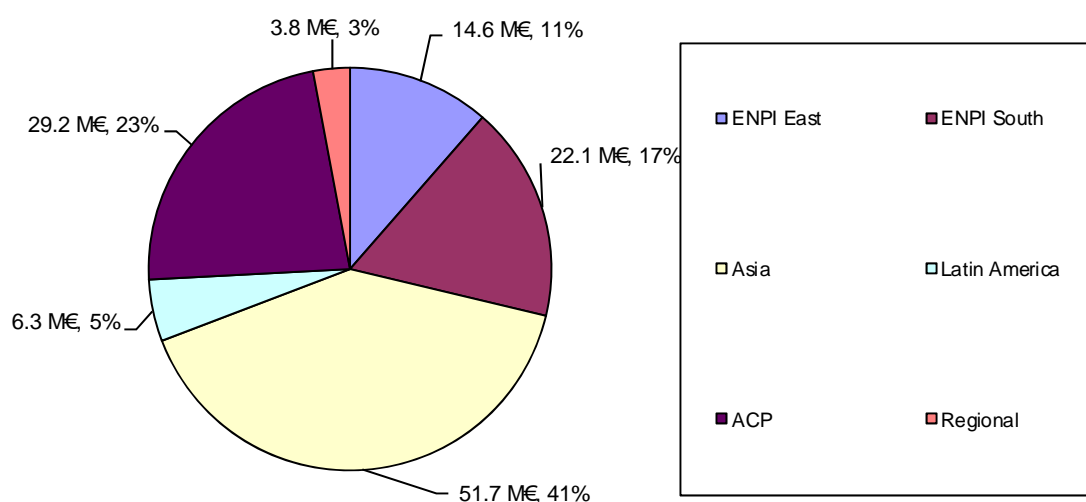
Bilateral and multilateral ODA (EuropeAid + DG FPI)

Table 31 IFS - Breakdown by region of external aid financed on the general EU budget managed by EuropeAid and FPI in 2011

Commitments (€million)



Disbursements (€million)



Bilateral and multilateral ODA (EuropeAid + DG FPI)

Table 32 IFS - External aid financed on the general EU budget managed by EuropeAid and FPI

€millions	2007	2008	2009	2010	2011
Commitments	137	181	187	224	291
Disbursements	49	129	144	154	174

Bilateral and multilateral ODA (EuropeAid + DG FPI)

4- Nuclear safety

The instrument for nuclear safety co-operation (INSC 2007-2013) came into force in 2007. Its main objectives are the promotion of a high level of nuclear safety, radiation protection and the application of efficient safeguards of nuclear material in non-EU countries worldwide. It substantially extended its geographical coverage in 2011. In addition, the EU continued its support for finalising the nuclear safety projects under the TACIS programme (Technical Assistance to the Commonwealth of Independent States i.e. the countries of the former Soviet Union). The principal development on nuclear safety cooperation and assistance under the new instrument in 2011 was a reorientation of nuclear safety cooperation towards third countries' regulatory authorities and radioactive waste management and site remediation.

Following the Fukushima-Daiichi accident in March 2011, the EU participated in the discussion aimed at extending a comprehensive safety assessment of operating nuclear power plants including a peer review of national reports to EU neighbourhood countries, the so-called 'stress tests'. Switzerland and Ukraine are following the same schedule for the stress tests as within the EU. Armenia and Ukraine benefit from support to carry them out in the framework of the INSC.

In **Ukraine**, the principal beneficiary of INSC support, the EU has continued to co-operate with the regulator and the operator in improving nuclear safety, radioactive waste management and nuclear safeguards in general. The EU provided €14 million in know-how and equipment to complete the Zaporozhye national training centre for local power plant personnel. Significant financial support was provided to the Chernobyl projects through the Chernobyl Shelter Fund (CSF) and the Nuclear Safety Account (NSA), managed by the EBRD on behalf of the donor countries. The pledging conference in Kiev in April 2011, coinciding with the commemorations of the 25th anniversary of the Chernobyl accident, was highly successful in raising the required €740 million needed to complete the project. The Commission pledge amounted to €22 million in accordance with the historical burden sharing among the former G7 members. The stabilisation works of the existing shelter of the Chernobyl unit 4 were completed in 2011 and the preparation of the site for the assembly of the new safe confinement is presently approaching completion, foreseen for 2015.

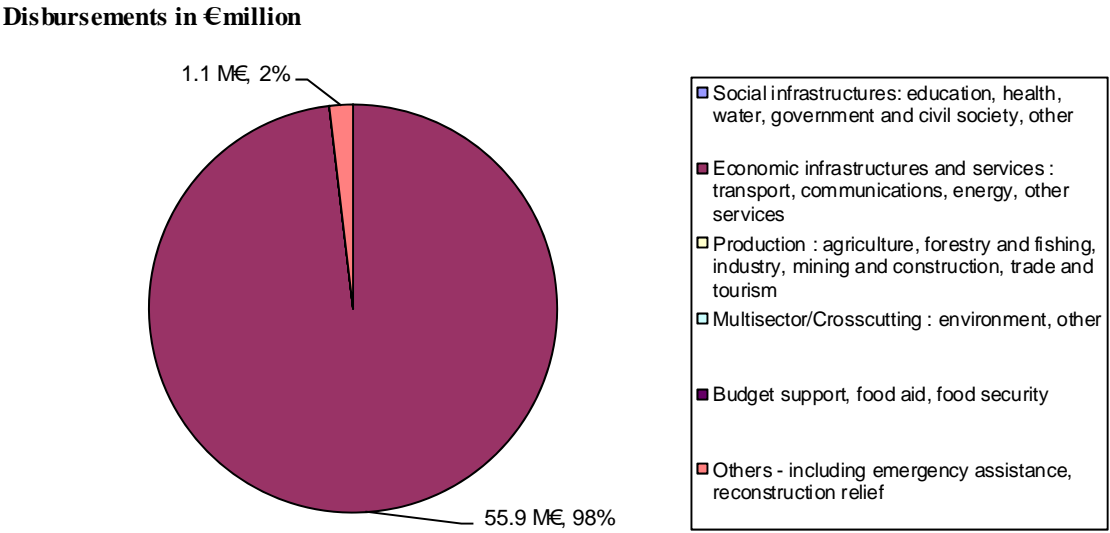
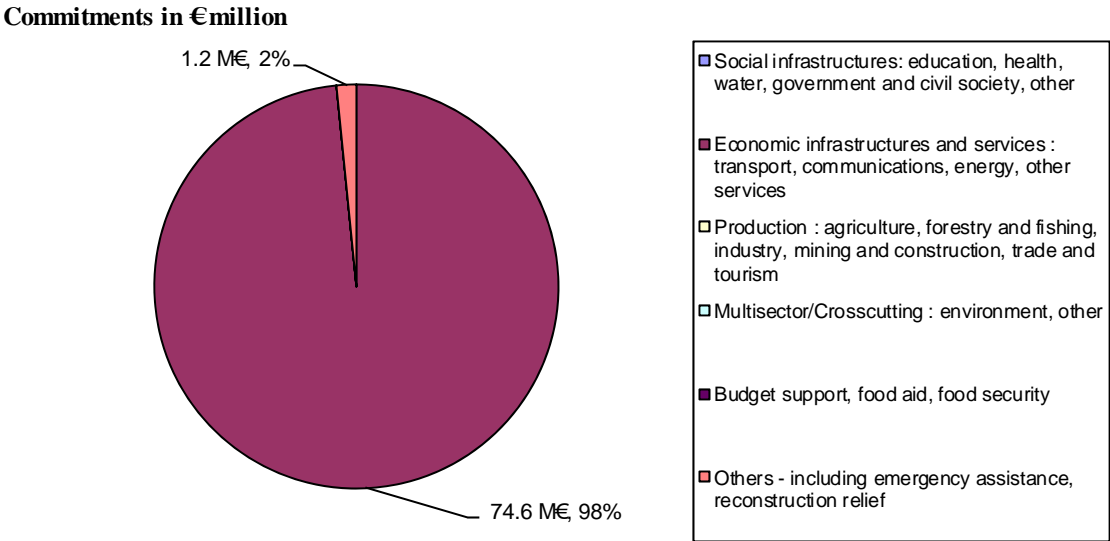
In **Armenia**, important projects have been launched for the operation of the Medzamor nuclear power plant addressing emergency planning, staff training, development of inspection procedures, seismic safety analysis, quality management and a radioactive waste strategy. In **Belarus** and **Georgia**, co-operation continued with projects to support the regulatory authorities as well as the safety assessment of a disposal site and a related interim storage facility.

In 2011, no mutual agreement was reached to allow new projects to be started under INSC in the Russian Federation, but the ongoing TACIS projects will be completed. The cooperation projects under INSC in 2011 have started to support the capacity building of nuclear regulators in Egypt, Jordan and Morocco. The recent political events in the region have increased the need for support but, at the same time, delayed funding. An ongoing capacity building project in **Iraq** (in the framework of the IfS priority 1) will be followed by a project to design an engineered disposal facility for radioactive waste resulting from the decommissioning of closed nuclear installations. Projects were launched in **Brazil** and contacts were established in **Mexico**.

Cooperation with the IAEA has been extended to support thematic technical activities at country or regional level, aimed at a further development of the safety culture, capacity building of national nuclear safety regulators and the safety of research reactors.

In **China**, cooperation was initiated with the regulator and technical support organisations. This is aimed at enhancing the nuclear safety regulatory regime as well as strengthening China's preparedness for severe accidents and to help develop a strategy for the management of radioactive waste and spent nuclear fuel.

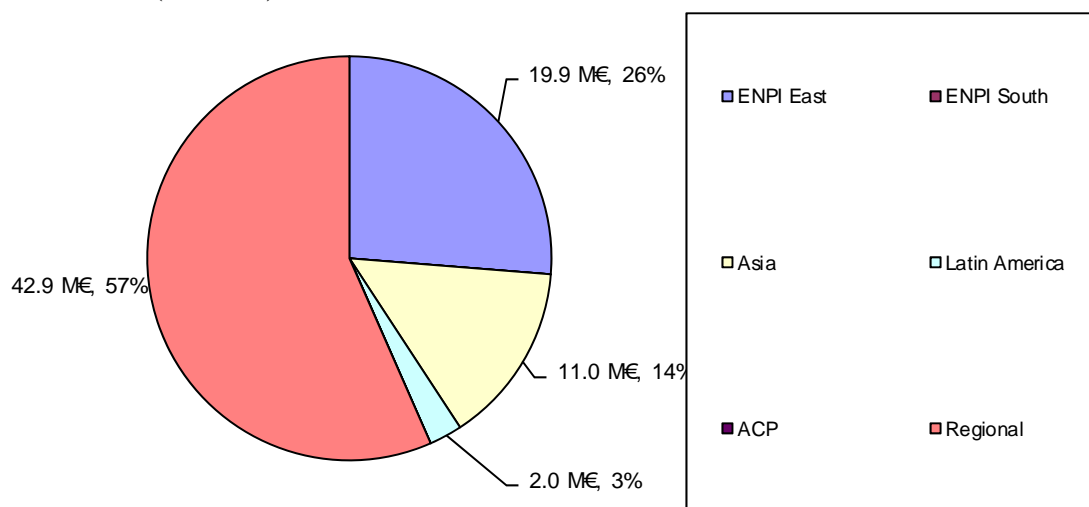
Table 33 NSI - Breakdown by sector of external aid financed on the general EU budget managed by EuropeAid in 2011



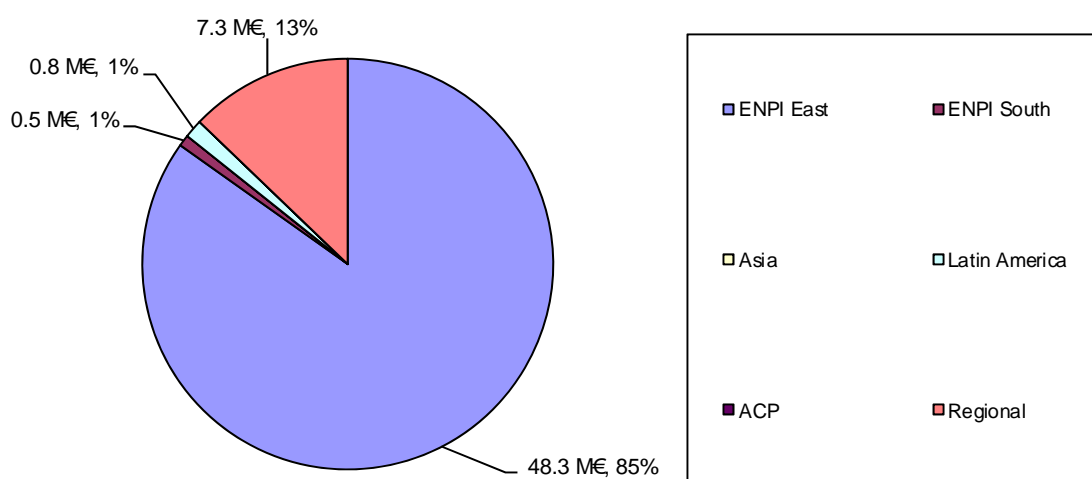
Main sector : Nuclear power plants
 Bilateral and multilateral ODA (EuropeAid only).

Table 34 NSI - Breakdown by region of external aid financed on the general EU budget managed by EuropeAid in 2011

Commitments (€million)



Disbursements (€million)



Bilateral and multilateral ODA (EuropeAid only).

Table 35 NSI - External aid financed on the general EU budget managed by EuropeAid.

€million	2007	2008	2009	2010	2011
Commitments	78.01	72.49	74.89	70.63	75.87
Disbursements	56.27	76.33	76.94	88.80	69.56

Bilateral and multilateral flows (EuropeAid only).

5- Humanitarian assistance

5.1. Introduction

The EU is the world's leading humanitarian donor. In the Commission, the Directorate General for Humanitarian Aid and Civil Protection (DG ECHO) is responsible for formulating policy and funding humanitarian aid in non-EU countries. It also helps to facilitate coordination with and among EU Member States. The overall priority is to ensure that aid is managed in the most effective and efficient way possible so that it has the maximum effect, whilst respecting the principles of international law and the humanitarian principles of impartiality, neutrality, humanity and independence.

Since 2010, the mandate of DG ECHO encompasses humanitarian assistance and civil protection, the two main instruments at the EU's disposal to ensure rapid and effective delivery of relief assistance to people faced with the immediate consequences of disasters. The civil protection instrument covers interventions inside and outside the EU.

5.2. Implementation of humanitarian aid and civil protection

In 2011, the global humanitarian context remained challenging with humanitarian needs outstripping available resources. The impact of the famine provoked by the drought and complicated by conflict in the Horn of Africa, the internal conflict in Libya and the triple disaster caused by the 9.0 magnitude earthquake in Japan; coming on top of many protracted humanitarian crises, has stretched the response capacity of international humanitarian community to its limits.

The Commission rationalised its decision-making in humanitarian aid in 2011, which resulted in a quicker and streamlined aid delivery. At the same time, it increased its initial budget for humanitarian aid on several occasions in order to respond to urgent needs. At the end of the year, the EU's response to new or protracted crises totalled €1.154 billion and consisted of: providing humanitarian assistance to more than 115 million people in 91 third countries and territories and activating the civil protection mechanism for 27 crises inside and outside the EU.

Natural disasters continued to create severe damage throughout the world. The Commission provided humanitarian assistance to cope with the consequences of disasters, including: floods in Bangladesh, India, Peru and Sri Lanka; cyclones/hurricanes/tropical storms in South East Asia (i.e. Cambodia, Laos, Philippines, Thailand, Vietnam), in Central America (i.e. El Salvador, Guatemala, Honduras, Nicaragua) and in the Caribbean (St Lucia); droughts in Burkina Faso, Chad, Djibouti, Ethiopia, Kenya, Mauritania and Zimbabwe and epidemics in Cameroon and Côte d'Ivoire.

The civil protection mechanism was activated 27 times to respond, for example, to the explosion at a naval base in Cyprus, forest fires in Greece and Albania, floods in Pakistan, an earthquake in Turkey and the earthquake and tsunami in Japan, as well as the evacuation of EU citizens and third country nationals during the crisis in Libya. EU civil protection

assistance is based on resources made available by the 31 states⁵⁶ participating in the mechanism, following a request from the government of the country struck by disaster.

In terms of 'man-made crises', the post-election crisis in Côte d'Ivoire became a major humanitarian crisis and the popular uprising in Libya triggered a humanitarian emergency. These two, among other, major man-made crises in 2011 also affected neighbouring countries. In addition to these crises, the Commission had to respond to several protracted and complex emergencies, for example in Sudan and South Sudan, in the occupied Palestinian territory and in the Democratic Republic of Congo.

One of the main challenges continues to be access in situations where the humanitarian space is under threat. The general lack of security and the targeting of humanitarian workers remained major sources of concern.

The Commission also pays particular attention to forgotten crises that have been neglected or overlooked by others. In 2011, it identified ten such crises including the Rohingya refugees in Bangladesh and civilians affected by internal armed conflict in Colombia and the Central African Republic (CAR).

Following its needs-based approach, humanitarian and civil protection assistance were provided to the following regions (in €million): **Table 36:**

⁵⁶ 27 EU Member States, Norway, Iceland, Lichtenstein and Croatia

Region/country	Amount	%
Africa	556	48%
Sudan & Chad	181	
Central Africa	80	
Horn of Africa	181	
Southern Africa, Indian Ocean	10	
West Africa	104	
Middle East, Mediterranean	156	14%
Middle East	86 791	
Mediterranean	69 000	
Asia, Pacific	238	21%
Central and South West Asia	127	
Central South Asia	54	
South East Asia and Pacific	58	
Latin America, Caribbean	80	7%
Latin America	35	
Caribbean	45	
Worldwide disasters	10	1%
Civil protection	31	3%
Inside EU	17	
Outside EU	14	
Worldwide (capacity building, technical assistance, support, etc)	83	7%
TOTAL	1 154	100%

For more information, see DG Humanitarian Aid and Civil Protection's annual report available on its website⁵⁷.

Beyond disaster response, the Commission equally strives to enhance disaster prevention and preparedness – both within the EU and beyond – especially in regions prone to natural disasters. Disaster risk reduction and adaptation to climate change was a clear focus for funding in 2011. The Commission launched new DIPECHO programmes in South Asia, South America, Pacific and the Caribbean. It also mainstreams risk reduction into overall aid operations.

5.3. Humanitarian assistance and civil protection priorities

At the policy level, the Commission focused on the following strategic initiatives in 2011:

⁵⁷ http://ec.europa.eu/echo/about/annual_reports_en.htm

- Presentation of a legislative proposal on a Union civil protection mechanism with the aim to substantially strengthen the existing instruments. At present, the deployment of EU civil protection assets is based on largely ad hoc voluntary offers from participating states. Though the EU civil protection mechanism plays an important role in supporting, coordinating and complementing the process of mutual assistance, the Commission proposes to move to a system which is pre-planned and immediate.
- In this context, preparations have started to set up an emergency response centre in 2012 to allow for a more pro-active role in planning, preparing, operational co-ordination and logistical support.
- The establishment of a European voluntary humanitarian aid corps, as required by the Lisbon Treaty (article 214.5). In 2011, DG ECHO initiated a public consultation and an impact assessment and launched pilot projects. The results of these activities will feed into a proposal in 2012 for a legislative framework setting up the corps.

The Commission also put particular emphasis on selected horizontal policy priorities, in line with the commitments of the European Consensus on Humanitarian Aid⁵⁸ and its action plan. These policy priorities include, for example, the further roll-out of the EU humanitarian food assistance policy. The negotiations for the modernisation of the food aid convention took place against this background. In order to enhance the efficiency and effectiveness of joint efforts to meet food security and nutrition needs, the Commission signed a statement of intent on programmatic cooperation on food security and nutrition with three UN agencies: FAO, WFP and IFAD.

From humanitarian aid to development cooperation: improving the process

In 2011, Commission Directorates-General EuropeAid and Humanitarian aid (ECHO) gave a new impetus to their common work on linking relief, rehabilitation and development (LRRD), aiming to ensure smoother transitions between humanitarian aid and development cooperation, in a process focused on building resilience.

In this framework, EuropeAid and ECHO coordinated with the EEAS an approach to LRRD agenda from three angles, to be pursued in 2012.

At the conceptual level, the work focused on the need to develop a "policy" understanding and an operational framework, where building resilience, addressing vulnerabilities and creating the capacity in partner countries to respond to emergencies should be an integral part of EU development aid programming, and a shared priority for humanitarian and development actors in countries facing disasters and repeated or protracted crises.

In terms of financial instruments and methodology for programming, priority has been given to addressing flexibility in the new financial instruments as well as at programming level, in order to tackle more effectively unforeseen needs or transition challenges. Particular attention has been paid to the development of a common methodology for the design of Humanitarian-Development Joint Frameworks, which are processes that gather humanitarian and development actors to assess and define the backdrop against which each can place its respective actions. The result is a smoother transition, increased impact, and coherence and sustainability of respective actions. Increasingly, the application of the humanitarian-

⁵⁸ OJ 2008/C/25/01 of 30.01.2008

development framework is required for country-level assistance, for instance under the Food Security Thematic Programme (FSTP) of the DCI where support to countries in fragile situations is specifically focused on ensuring that food security is addressed in LRRD contexts.

In the case of building resilience during chronic food crises, the Commission considers that this is best achieved through a shift to long-term approaches managed through geographic programmes, integrated into indicative country or regional programmes. The pilot on FSTP support to fragile countries serves as an example of focus on LRRD relating to other domains of intervention being, where appropriate, mainstreamed effectively to also cover other sectors and programmes (both geographic and thematic).

The joint EuropeAid – ECHO efforts resulted into concrete implementation at country level; in several cases, innovative approaches were initiated in areas such as the Sahel and Horn of Africa, as well as Sri Lanka, where the development and humanitarian responses started being better articulated.

6- Macro-financial assistance

Macro-financial assistance (MFA) is an external financial instrument to countries close to the EU, addressing exceptional external financing needs in the form of balance of payment support. MFA therefore strengthens macroeconomic and financial stability in countries neighbouring, or geographically close to the EU, while encouraging the implementation of appropriate structural reforms. It complements and is conditional to the existence of an adjustment and reform programme with the IMF. MFA can take the form of grants, financed by the EU budget, or loans, for which the Commission borrows the necessary funds in capital markets and on-lends them to the beneficiary country. MFA is currently subject to case-by-case legislative decisions, taken jointly by the European Parliament and the Council through the ordinary legislative procedure (co-decision). In 2011, the Commission proposed to streamline the decision-taking process by adopting on 4 July a proposal for a framework regulation for MFA. The proposed framework Regulation aims to make MFA faster, more transparent and more effective by speeding up the decision-making process for individual MFA operations and laying down the key rules governing MFA in a formal legal act.

In 2011, the Commission submitted two formal proposals for new MFA operations: to extend MFA to Georgia for €23 million in grants and €23 million in loans submitted on 13 January 2011, and to extend an exceptional MFA to the Kyrgyz Republic for €15 million in grants and €15 million in loans submitted on 20 December 2011. These are pending adoption by the European Parliament and the Council.

Regarding the implementation of already approved MFA operations in 2011: on the Armenia MFA, the Commission finalised the memorandum of understanding with the Armenian authorities and disbursed the first tranche in July – a €4 million grant and €6 million loan. The disbursement of the second tranche – a €1 million grant and €9 million loan – was agreed in December. The grant part was effectively disbursed on 27 December 2011, while the loan part is scheduled to be paid in January 2012. Regarding the MFA to Serbia, the disbursement of a €100 million loan to the Serbian authorities was made in July 2011, completing this MFA operation, as the second tranche of the same amount was cancelled, due to Serbia's lower external financing needs and its decision not to draw fully on programmed

IMF disbursements. On the Moldova MFA, the Commission executed the second tranche consisting of a €20 million grant in September 2011. The implementation of the MFA to Ukraine approved in 2010 – together with the funds available from a previous operation approved in 2002, amounting to €10 million in loans – has been delayed due to the lack of agreement with the Ukrainian authorities on certain conditions of the memorandum of understanding. The first tranche of MFA operation for Bosnia and Herzegovina approved in 2009 (amounting to up to €100 million in loans) has not been disbursed so far due to non-compliance with one of the first tranche conditions.

CHAPTER 4 - MANAGING AID FOR RESULTS

1- *Monitoring project performance*

1.1 Performance measurement: Results Oriented Monitoring (ROM)

For more than 10 years, the Commission's Results Oriented Monitoring (ROM) system has been used to assess the performance of projects funded by the EU. As such, it forms a part of the overall quality assurance cycle, which starts during the design of projects and ends after their implementation.

The ROM system is based on onsite visits where experts interview staff involved in projects and programmes, review key project documents, and most importantly, interview relevant stakeholders, including the beneficiaries. The methodology is based on internationally (OECD/DAC) agreed evaluation criteria: relevance, efficiency, effectiveness, impact, and sustainability. ROM reports are disseminated by the EU to project managers, partner governments and other stakeholders.

ROM provides benefits:

- At the level of a project or programme: it gives feedback to project managers on the performance of the operations under their responsibility and gives recommendations on how to improve them, if necessary.
- It provides a statistical overview of the performance of the EU development aid portfolio with data allowing comparison over time, across regions, between sectors etc.
- At the level of programming and learning: quantitative and qualitative studies based on ROM data can contribute lessons learned and best practices to the programming and planning of new projects.

ROM performance in 2011

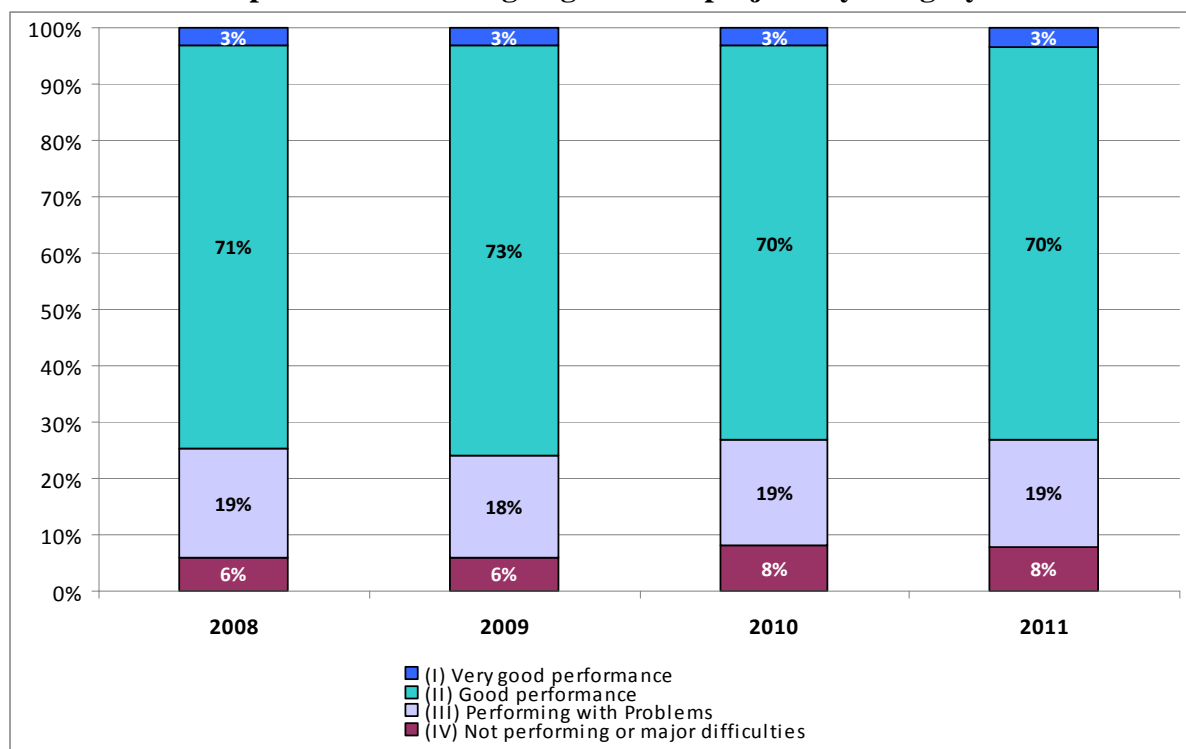
In 2011, a set of new contracts were launched to conduct the ROM exercises in the different regions and for centrally managed thematic programmes. Over 1 000 ongoing projects and 182 regional programmes and 15 sector policy support programmes (SPSP) were assessed in 2011. In addition, 162 closed projects and 22 Regional Programmes were assessed ex-post, i.e. after their closure to focus specifically on impact and sustainability.

The ROM system covered in 2011 roughly one-third of development cooperation interventions, representing in financial terms one quarter of the total portfolio.

Table 37- Overview of ROM activities

Nb of Projects & Programmes monitored		ENPI	Africa	Asia & Central Asia	Latin America	CMTTP	Caribbean	Pacific	Total 2011
Ongoing	National projects	205	421	223	122	2	43	51	1067
	Regional programmes (as a whole)	38	25	19	31	55	9	6	183
	Regional programme components	41	24	43	20	89	6	12	235
	SPSP	-	7	-	2	-	6	-	15
	Million € covered Ongoing	808.52	2,882.27	873.99	546.10	162.00	345.37	144.05	5,762.30
Ex-Post	Closed projects/programmes	33	49	50	43 ⁵⁹	4	7	7	193
	Million € covered Ex-Post	94.54	213.80	238.51	262.48	6.40	31.03	9.50	856.26

Table 38- Overall performance of ongoing national projects by category



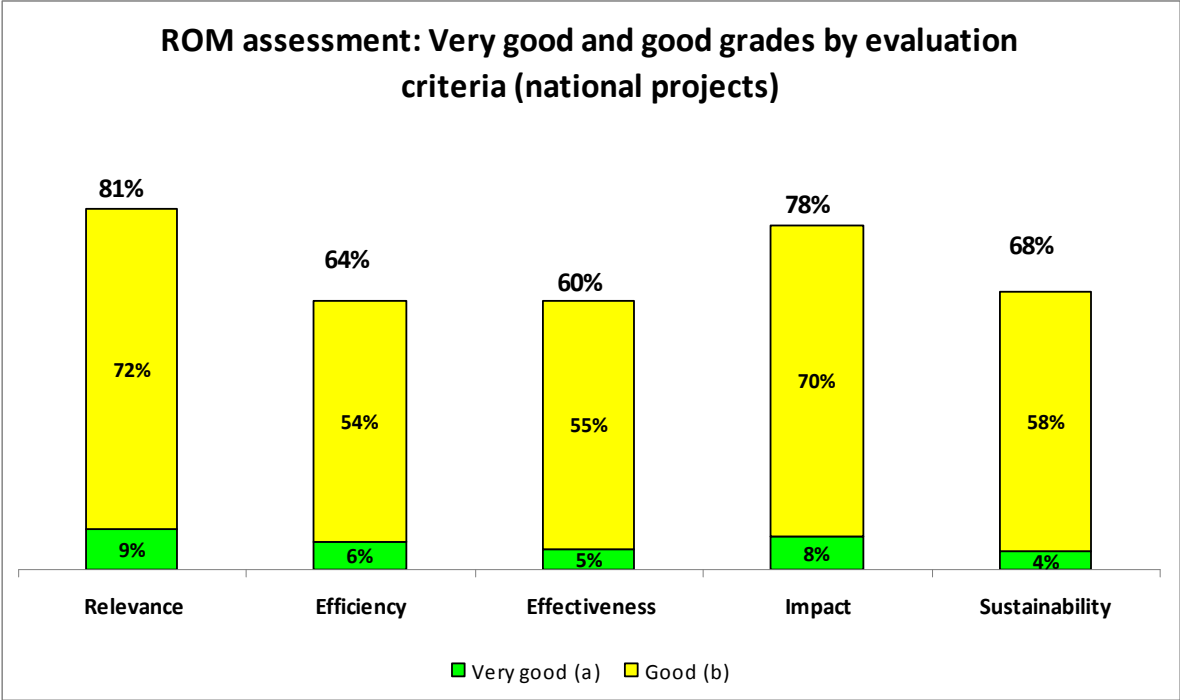
Of the projects subject to an assessment by ROM, a large majority was considered very good or good. Over the last three years, the percentage of projects rated as very good or good remains constant (between 73% and 76%) while projects facing major difficulties counted for only 6 to 8% of those reviewed. The figures for 2010 and 2011 are virtually the same.

For analytical purposes, as well as to identify projects which need specific attention, it is useful to zoom in on the performance category II ("good performance") which contains the large majority of projects/programmes. Among the projects rated as having "good

⁵⁹ Some of the projects assessed by ROM Ex-Post in Latin America were grouped in one ROM report. 40 reports covered 43 projects.

performance”, close to a half have not received any grade highlighting problems. Even though room for improvement might exist for these interventions, they appeared fully on track. A quarter of the good projects showed problems in two areas of assessment, which should be addressed to ensure the project's proper implementation.

Table 39 - Performance by evaluation criteria - very good and good ratings for ongoing national projects



The performance of projects assessed by ROM in 2011 shows best results for the criteria relevance and potential impact. However, it should be stressed that the under the "relevance" criterion, ROM takes into consideration two specific dimensions: "relevance" and "quality of design". If "relevance" scores very highly (96% of good and very good, "design" has lower scores (72% of good and very good). This confirms the importance of the ex-ante quality assessment. In this respect, the Commission has put in place a quality check system, through the oQSG. Its impact on the improvement of the quality of design of projects which since have started to be implemented should be measured and analysed through the ROM system.

Table 40- Project performance by for selected ODA (sub-) sectors

Performance category of ongoing (national) projects by sector	Very good performance	Good performance	Performing with Problems	Not performing or major difficulties	N° reports produced
	I	II	III	IV	
Education	5%	68%	21%	5%	56
Health	7%	76%	12%	5%	58
Water and Sanitation	2%	75%	20%	3%	59
Government and Civil Society	2%	68%	20%	10%	326
Other Social Infrastructure and	3%	75%	14%	8%	59

Services					
Economic Infrastructure and Services	6%	71%	15%	8%	107
Production sectors	3%	60%	28%	10%	134
Multi-sector – Cross-cutting	3%	68%	19%	10%	120
Commodity Aid + General Programme Assistance	3%	77%	18%	3%	77

New developments in 2011

Internal Monitoring

In 2011, a new guidance document on "*Strengthening Internal Monitoring*" and an associated toolkit have been developed and will be tested, finalised and sent in 2012 to the Delegations. In addition, within the framework of the 'control pyramid' system, introduced in 2011, the task-managers in Delegations are assessing twice annually the performance of the projects and programmes they are in charge of, by means of a 'traffic light' system. This will serve as an early warning system to identify projects with problems and to enable corrective measures. Delegations also need to produce and regularly update a monitoring work plan.

Assessment of ROM and project evaluations

During the implementation of projects and programmes the Commission uses two different tools to assess the performance and to identify where there is room for improvement: on the one hand, the ROM system with its brief, highly structured format managed centrally by headquarters; on the other hand, most of the project/programme evaluations are managed by the Delegations and are more in-depth. There has, however, not been a systematic coordination or a clear division of labour between the two tools.

Audits by the European Court of Auditors (ECA) and the Commission's internal audit capability gave recommendations echoing the results of a study on ROM and project evaluations which were concluded in 2010. While accountability requires an objective and independent assessment, support to project management is more effective if an evaluation is participatory, makes use of the experience and expertise of the people involved and assures that the results are agreed upon by all stakeholders. With this in view, the Commission has embarked on a critical reflection on the strengths and weaknesses of ROM and of project evaluations.

The Commission is developing an IT application for both project/programme evaluations and ROM, as part of a wider new information management system, called PCM platform, which will serve as the central tool for operational management of Commission interventions throughout their lifecycle. The application aims to facilitate planning and co-ordination, support the management of evaluations, serve as a central storage point for all reports and enable advanced search and analysis functionalities. The IT development is ongoing with a pilot test expected in 2012.

Outlook for 2012

Based on the critical reflection being carried out on the strengths and weaknesses of ROM and of project evaluations, a proposal for an improved monitoring and evaluation system will

be presented in 2012 to Commission management. In October 2011, in its communication on the Agenda for Change, the Commission proposed to work on a common results measurement and reporting framework. In November, it organised an initial meeting of an EU experts group on results. The aim was to reflect on common approaches in this field, including the work which the group could undertake to contribute to the thinking on and development of country results and accountability agreements for which building blocks had been provided in the run-up to and during the Busan High Level Forum. This meeting confirmed the overall impression of the diversity of approaches across donors and the relevance of more convergence in results measuring and reporting.

1.2 Evaluation: Review of the work carried out

The overall picture

The evaluation unit manages three main kinds of strategic evaluations: geographic (covering activities at country and regional level), thematic and sector, as well as evaluations covering aid delivery mechanisms (issues concerning project-level evaluations are dealt within the section on project results). Since 2010, the Commission has intensified the use of joint evaluations carried out with several other donors. Evaluations are carried out by independent external consultants following a standardised methodology in a transparent way. All evaluation reports are available on the Commission's Development and Cooperation - EuropeAid website⁶⁰.

The 2011 work programme

The evaluation programme for 2011 is the fifth annual programme under the indicative multi-annual evaluation programme for the period 2007-2013. Four geographic evaluations were completed in 2011: Tunisia, Dominican Republic, OCTs and Malawi. At the end of 2011, 13 geographical evaluations were ongoing: Burundi (jointly with six EU Member States), the Caribbean region, Colombia, Congo (Brazzaville), Djibouti, Ecuador, European Neighbourhood policy regions (East and South), Ethiopia, Honduras, Jamaica, Nepal, Philippines and Zambia. Three thematic evaluations were completed: conflict prevention and peace building, justice and security system reform and employment and social inclusion. At the end of 2011, seven thematic evaluations were ongoing: agricultural commodities in ACP countries, health, human rights and fundamental freedoms, integrated border management, private sector, support to the de-centralisation process and trade-related assistance.

On the aid modalities

Two pilot evaluations on budget support in Mali and Tunisia were completed in 2011. The methodological approach will be refined at the beginning of 2012 to take into account the lessons learned from these pilot studies. This refined approach should be applied from 2012. A joint evaluation of budget support in Tanzania was launched in 2011.

To support the preparation of the MFF post-2013, a study on legal instruments and lessons learned from the evaluations managed by the evaluation unit was finalised in 2011. Three

⁶⁰ http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/index_en.htm

other evaluations on aid modalities are expected to be completed in 2012: visibility of the EU's external action, technical co-operation and cooperation with the Council of Europe.

With regard to dissemination and feedback mechanisms, seven seminars have been organised in countries to discuss the evaluation findings for Congo (Brazzaville), the Dominican Republic, Ethiopia, Mali, Malawi, overseas countries and territories and Tunisia. Two seminars were organised in Brussels to share the results of thematic evaluations: conflict prevention and peace building and education.

Seven "fiches contradictoires" have been published to ensure follow-up of previous evaluation reports.

Lessons learned from evaluations finalised in 2011

Geographical evaluations

Tunisia (1995-2008): The EU's aid has largely contributed to the implementation of institutional, economic and education sector reforms. Continuous support to the development of human resources has contributed to reaching remarkable results. Nevertheless, there is a need to boost the employability of qualified people and reinforce territorial cohesion. Difficult dialogue with the national government hampered the support to governance and democratic processes. Regarding the programmes' management, there was a good articulation between the different co-operation instruments.

Dominican Republic (2001-2009): The EU's aid contributed to reducing poverty in key sectors, but has not specifically targeted the socio-equity gap. The sustainability of some results remains weak, primarily, but not only, due to the government's inadequate financial support to most sectors in which the Commission has operated (education, natural resources management and the DR-Haiti border zone development). Therefore, the EU should continue with the current strategy while increasingly focusing on capacity development of the various local stakeholders and investing in robust monitoring and evaluation systems.

Overseas Countries and Territories (OCTs) (1999-2008): The EU has been consistent with the EU policy objectives of promoting economic and social development in the OCTs and bringing the islands economically closer to the EU. In the area of trade, the EU preference regime did not sufficiently counter-balance economic diversification constraints. The involvement of the OCTs in regional programmes was minimised by isolation from regional networking, high participation costs and sometimes by language barriers. Fewer results than expected were achieved on climate change and disaster crisis management. EU support for management and delivery mechanisms has been less conducive to the achievements of the cooperation's objectives.

Malawi (2003-2010): Although EU cooperation has responded well to the country's long-term needs, certain aid modalities could be improved by adapting to evolving needs. The support has contributed to improved access and availability of food. It has been successful in reducing malnutrition in children less than five years of age. EU aid has positively contributed to the maintenance of the existing road network, yet little has been achieved in terms of wider regional connectivity. Budget support has proved to be a powerful tool which has contributed to macro-economic stabilisation.

Thematic and sector evaluations and analysis

Evaluation of support for conflict prevention and peace building (CPPB) (2001-2010):

The Commission has significantly increased its focus on CPPB (reflected in a total of €7.7bn of funding over the period) and strengthened its policy framework. However, the conceptual orientations at policy level have not always been appropriated at operational level. The support often remained in a developmental perspective. The Commission needs to clarify its role and focus on crisis management and causes of conflict, consolidate and further develop its support for CPPB and ensure that its financial support is sufficiently complemented and leveraged by non-financial support.

Justice sector and security reform (JSSR) (2001-2009): The EU substantially increased its funding (amounting to €1 billion), developed a concept to support JSSR and engaged in a wide range of assistance activities. However, the EU's support has generally not been geared towards enhancing the delivery of services in a manner responsive to people's needs. The weaknesses of the EU policy framework and internal capacity limitations hampered the support's impact and prevented the EU from bringing all its potential added value.

Employment and social inclusion (ESI) (1999-2009): ESI is a significant priority in development policy and in programmes. Nevertheless, there has been a weak mainstreaming of ESI in EU-supported programmes and a poor sector or thematic approach including a lack of ESI-related indicators. Moreover, the informal economy was often overlooked. EU support to trade development, macro-economic stability and growth contributed to creating new employment opportunities. However, few of these interventions focused explicitly on employment creation. Technical and vocational education and training support policies contributed to improving "employability". The EU has focused positively on the social cohesion of vulnerable groups and on labour market governance.

Aid modalities evaluations

Key lessons learned on budget support from three country evaluations

- Budget support is an effective tool in countries where the government has the capacity and the determination to put in place robust development policies.
- It benefits from complementarity with other forms of aid, especially for capacity-building.
- It is more beneficial with higher degrees of harmonisation and alignment.
- It cannot determine major policy changes but can provide sound support to policy implementation, not possible with a projects-only approach.
- Its effect is strengthened and multiplied when it is linked to wider political and economic partnerships.
- Budget support can increase transparency and accountability of budget processes and public expenditure management and may therefore be used to support anti-corruption policies.
- The choice between general and sector budget support should be flexible and context-based.

Evaluation of budget support operations in Tunisia (1996-2008): Thanks to complementarity of budget support with a long-term economic and political partnership established by the association agreement, Tunisia experienced significant results in terms of economic growth, private sector development and poverty reduction. The EU-funded sectoral

budget support for education and vocational training has contributed to an initial modernisation of the national school system and to significant improvements in access, including territorial equity.

The joint evaluation of budget support operations in Mali 2003-2009 found that the financial contribution of budget support has contributed to an annual economic growth rate of 5% over this period, but that the driving force of the prudent macro-economic policy was not policy dialogue but the authorities' own commitment backed by the political commitment to the WAEMU convergence criteria and to the IMF. The additional financing has also contributed to positive outcomes in the education sector – the overall enrolment rate went up from 64% to 81% while the repetition rate fell from 20% to 14% and the completion rate increased from 40% to 56%. There were good results in the health sector too with prenatal consultations increasing from 54% to 90%.

Study on legal instruments (DCI, ENPI, EIDHR, IfS, INSC and ICI): The logic of the objectives for the instruments could be substantially improved. This would make the measures intended to achieve objectives clearer, and secondly, make the evaluation of progress easier. There is an obvious degree of convergence between what was expected and what occurred, but not all results are positive. The sizeable proportion of mixed results indicates room for improvement in both programming and implementation. There was also a lack of evidence on linkages and inter-relations between the six legal instruments at the operational level.

Outlook for 2012

The evaluation programme for 2012 follows the structure laid out in the multi-annual evaluation programme for 2007-2013, with some adjustments with regard to the future Commission/EU orientations and international commitments (Agenda for change, communication on budget support, MDG/SDG (sustainable development goals), the new draft guidelines on programming and implementation). In partnership with the quality of delivery system unit, the evaluation unit is currently working on a reform of the monitoring and evaluation system.

1.3 Lessons learned

The "Fiches Contradictaires", a key tool to ensure the follow-up of evaluation recommendations

The "Fiche Contradictoire" is a document which follows up on evaluation recommendations. It is prepared by the services in charge of implementing them. It sets out the main recommendations, actions taken and describes the follow-up to these actions one year later. Every "Fiche Contradictoire" is available on the evaluation unit's website⁶¹.

A large majority of the recommendations are accepted and implemented by the services concerned.

⁶¹ http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/index_en.htm

Synthesis of main lessons learned

- In terms of relevance and design, the EU interventions address the needs of the partner's countries and population and are consistent with EU goals.
- The efficiency of EU interventions could be improved by making administrative procedures more flexible and ensuring a better monitoring of interventions. On the other hand, improving the mix of aid modalities (budget support, budget lines, twinning, etc.) has enhanced efficiency at a strategic level.
- Budget support has proven to be an effective tool for the implementation of public financial management and other reforms where government were committed thereto, but budget support programmes cannot be used to "buy" reforms.
- Being generally effective, the EU interventions generate positive impact, as concluded in most of the reports, although the spread of EU funds over too many areas may limit it. The EU should work on concentrating its funding in the areas where its added-value is most likely to materialise.
- The impact of interventions could be strengthened by enhancing the consistency of strategies and programmes: with other donors through joint programming and clear division of labour; with EU Member States through common strategies on sensitive issues such as human rights and governance; internally, at a geographic level, by ensuring a better linkage between regional and national programming and on a sector level by looking for synergies between the different sectors.
- Sustainability of EU projects and programmes needs to be better monitored, as in many countries the ownership by the partner country is not always demonstrated. Budget support appears to be more successful in this respect.

2- Aid delivery modalities

2.1 Developments in aid delivery modalities and channels

The Commission continues to be committed to further improvement and strengthening of its internal quality support tools as well its efforts in relation to accountability and results monitoring. In the recent past, it has engaged in reform of its processes in to order to make them simpler, focused on quality, capacity and results, and in line with internationally-agreed objectives on aid effectiveness. The Commission has also developed more dynamic forms of partnership with beneficiaries and with other donors and has simplified its procedures and clarified the rules for delivery and implementation.

- Programme and project cycle management (PPCM)

Improvements to the methods for the design and implementation of actions are in preparation, revising existing guidance on programme and project cycle management (PPCM). The revised guidance will replace and update three sets of guidelines to ensure greater coherence of approaches. Important innovations will include a greater focus on analysing the country

and sector context of operations in advance of decisions being taken with a better risk management system to include new tools, such as analysis of the political economy. Development of the elements of PPCM and its associated tools takes place through research and testing involving EU Delegations, Member States and international partners.

In 2011, preparations included a number of research seminars on political economy, policy dialogue and risk management as well as case studies and recognition of the substantial work carried out in the PPCM technical annexes.

- Capacity development

Capacity is one of the essential drivers of development, and therefore a key element of aid delivery quality. The Commission has made efforts to improve the quality of its cooperation for enhanced capacity development. In 2011, ongoing work in the area converged:

- Stocktaking of the technical cooperation reform initiated in 2008;
- Development of the EU's own capacity through knowledge exchange and networking;
- Preparation of the Busan HLR on aid effectiveness.

Stocktaking of technical cooperation reform for capacity development:

2011 has been an opportunity to look back on technical co-operation reform and to draw lessons which were voiced at the knowledge and innovation space in Busan. The trigger factors for reform were the aid effectiveness agenda and a report from the European Court of Auditors published in 2007. This highlighted that a significant part of EU programmes were not focusing enough on capacity development and that technical assistants were often engaged in substitution activities. The change in strategy has been twofold: changing practices (new guidance based on quality criteria such as ownership) and a change of mind set (dissemination, website, etc.).

In 2011, the results of the reform began to emerge. An analysis compiling the statistics of approximately 1000 projects monitored against five quality criteria is ongoing and conclusions should be drawn during 2012. The first preliminary findings revealed that 97% of EU programmes contribute, or have the potential to contribute, to capacity development. Furthermore, it would seem that forms of support with no direct technical co-operation component, such as working through NGOs, may also provide good results in terms of quality of the capacity development support process. Whereas the outcome of the analysis could only provide a snapshot of longer-term CD processes, it allows a look at the nature of capacity development in the Commission's operations.

Knowledge exchange for Capacity Development:

Another emerging result of technical co-operation reform is the knowledge management part of the agenda. The Commission's knowledge sharing platform on capacity development – capacity4dev.eu – has been further consolidated. In 2011, 86 articles were edited whose themes included capacity development, change processes, governance, civil society and projects etc. Major efforts were made to share knowledge on subjects likely to improve the quality of aid, such as political economic analysis, or Busan. The platform is an indication that if the EU is to improve the practice of capacity development, it must also invest more intensively in its own capacity to provide capacity development support and secondly it

signposts that the EU is working in a wider professional system. In the digital age more than ever, it is aware of the importance of knowledge sharing and its link with developing capacities.

Other technical co-operation actions included learning events at headquarters level (four sessions) as well as in Guinea Conakry and Mozambique. A study has also been drawn up on the approaches of EU Member States to technical co-operation and capacity development.

Finally, 2011 saw several events leading to the Busan HLF on aid effectiveness: LenCD was an important incubator of Busan preparations on capacity development. It is an informal network comprising organisations, partner countries and donors. Workshops on capacity development were held in Kigali, Cairo, Eschborn, Brussels and Bangkok. The Brussels workshop on technical cooperation and capacity development, hosted by EuropeAid in July 2011, provided an opportunity for the Commission, country partners and Member States to reflect on technical cooperation reform, the EU framework on aid effectiveness, innovative approaches to capacity development and to craft key workshop messages, ahead of the Busan HLF. In Busan, capacity appeared to be one of the most addressed cross-cutting issues. For example, the African delegation stated that with such a high density of mineral resources, Africa should not require aid, but it did need capacity to transform itself and develop its own strategies. Furthermore, the specific references to effective institutions and country systems confirm that capacity development is regarded as fundamental to achieving development effectiveness and will need to be a focus of attention post-Busan.

2.2 Budget support and public finance

The approval of the budget support communication setting a new policy (for more details see chapter 1) was the culminating point of 2011. Also, the Court of Auditors published a significant special report in 2011 on the Commission's management of general budget support⁶², recognising the Commission's effort to improve budget support. The first three fully-fledged evaluations on budget support underlined its usefulness and its positive impacts. The approval of the new budget support communication set a new policy in place (for more details see chapter 1). These reflect the growing importance, interest in and scrutiny of budget support as a delivery modality. The Commission is currently reviewing its budget support guidelines to fully reflect the new policy, lessons learned and recommendations by the Court of Auditors. These changes will have significant implications for the selection, design and implementation of new budget support programmes in the future.

Budget support commitments

From a quantitative point of view, budget support continued to be an important tool to deliver Commission assistance in 2011. Total commitments of general budget support (in support of a national development and reform strategy) amounted to €200 million (down from €494 million in 2010). Total commitments of sector budget support (in support of a specific sector strategy) amounted to €1 billion (down from €1.3 billion in 2010), of which approximately 28% for education, 22% for the sector of government and civil society, including decentralisation and women's equality, 11% for energy and 3.4% for environment.

⁶² "The Commission's Management of General Budget Support in ACP, Latin American and Asian Countries" Special report N°11/2010

Following the success of its V-Flex programme to help countries respond to the financial crisis, the Commission has continued to develop with its key partners – who are notably international financial institutions – ways of ensuring that countries faced by external shocks can be supported, particularly through budget support.

Key results achieved

Results of budget support generated by the three dedicated evaluations (Mali, Tunisia, Zambia; for more, see chapter 4.1)

Budget support is a useful and well-established financing modality, with positive effects on macro-economic management and on public investment in priority sectors. It contributes to improved accountability and transparency of budgeting processes and public expenditure. Budget support is a valid support for the implementation of reforms when governments and citizens are actively committed thereto. However, budget support cannot ‘buy’ reform.

Its contribution has helped countries achieve significant outcomes in education and health. Budget support to growth and social policies has contributed to reducing income and non-income poverty, but rural poverty has not been tackled adequately. Expectations of short-term impacts on poverty reduction have been unrealistic.

None of the three evaluations found evidence that the risks many associate with budget support – crowding out of domestic revenue and increased corruption – have materialised in practice.

Public finance and public finance management (PFM)

Coordination with international organisations was enhanced by a joint workshop with the AU and UNECA (United Nations Economic Commission for Africa) on governance and taxation in Africa's mineral sector. In addition, following the conclusion of a major study on transfer pricing⁶³, financed by the Commission, a tripartite initiative (OECD/WB/EC) was initiated to carry out joint work to strengthen transfer pricing capacities in developing countries. The Commission continues to support transparency and transfer pricing notably through the EITI (Extractive Industries Transparency Initiative) and the UN. Finally, the Commission continues to promote the use of the public expenditure and financial accountability (PEFA) methodology as the key diagnostic tool for assessing PFM.

245 PEFA assessments have now been completed in 127 countries, including 63 repeat assessments and covering virtually all recipients of EU budget support. The Commission chaired and hosted the December 2011 PEFA steering committee and is working with partners to further improve the framework. Accountability was also reinforced through the proposal to establish a country-by-country reporting regime⁶⁴, which will require a number of financial disclosures to be made by all major multi-nationals operating in the extractive and

⁶³ [Transfer pricing and developing countries](http://ec.europa.eu/europeaid/what/economic-support/documents/transfer-pricing-study_en.pdf), July 2011 http://ec.europa.eu/europeaid/what/economic-support/documents/transfer-pricing-study_en.pdf

⁶⁴ COM (2011) 684 Final

forestry sectors. This measure aims to reduce corruption and increase domestic revenues for developing countries.

2.3 Blending of grants and loans/innovative financing

After four years of constant development, the innovative financial instruments that started in the Sub-Saharan Africa and the Neighbourhood region are now maturing and expanding their coverage to cover all regions of external relations. On top of the already existing facilities for the Neighbourhood, Central Asia, Latin America and the trust fund for the Sub-Saharan Africa, in 2011 Asia was also covered by a facility, while significant progress was achieved in setting up such structures for the Caribbean and the Pacific islands to fully cover all regions. A group of experts (GoE) has been established, including the EEAS, the Member States, European financial institutions (EFIs) – namely EIB, EBRD, CEB, NIB, KfW and AFD – and other European bilateral development financial institutions, as well as multilateral IFIs. The group started its work in November 2011, with the objective of advising the Commission on proposals for the establishment of the EU platform for external cooperation and development. Commission services play a crucial role in preparing and co-chairing the meetings.

The current financial support provided by the Commission in 2011 through the geographical facilities utilised all resources that were due for programming by the end of 2011. In certain cases, as in the Neighbourhood Investment Facility, approvals are a year in advance of the funding cycle, having utilised all resources already decided, including the 2011 replenishment funds. Following the new European Neighbourhood policy launched in May 2011, the strategic board of the Neighbourhood investment facility (NIF) met in October 2011 and confirmed the 2011-2013 NIF strategic orientations. They foresee that NIF support to the private sector and job creation will remain a priority in the coming years in order to quickly address the respective economic and social contexts at the root of the Arab Spring revolutions. The operational board of the NIF approved in 2011 15 grant operations amounting to €42.3 million. These are expected to leverage €1.7 billion in loans from European finance institutions, to support projects whose total cost is over €3.9 billion, achieving therefore a leverage effect of 1:27. Combined with past approvals, all resources made available by 2009, 2010 and 2011 Commission decisions were fully committed and practically fully (over 90%) contracted.

In the same period, the operational board of the Latin American investment facility (LAIF) approved three grant operations amounting to €3.5 million in LAIF grants, with corresponding loans from the European finance institutions of €33.5 million and mobilising total investments of €47 million, amounting to a leverage effect of 1:35. Combined with past approvals, all resources made available by the 2009 and 2010 Commission decisions were fully committed and contracted.

The operational board of the Investment Facility for Central Asia (IFCA) approved three grant operations amounting to €2 million in IFCA grants, with an equal sum (€2 million) of corresponding loans from the European finance institutions, mobilising total investments of €6 million, while will be identifying projects that could require up to €300 million of financing. All resources made available by the 2010 Commission decision were fully committed and contracted.

In Sub-Saharan Africa, the executive committee of the EU-Africa Infrastructure Trust Fund (ITF) approved 19 grant operations amounting to €6.2 of ITF support. These are expected to leverage €10 million in loans, bringing the total to €95 million of grant support, already leveraging €1.3 billion from the European finance institutions for projects with investment budgets of over €2.8 billion, while funding potential for projects with identified investments could exceed €3 billion.

In 2011, the ACP investment facility, managed by the EIB, approved 18 projects financed out of the facility's resources totalling €400 million.

In the framework of the global energy efficiency and renewable energy fund (GEEREF), one project has been approved for a grant amount of €10 million.

Following a mid-term review European Parliament and Council Decision N°1080/2011/EU⁶⁵ granting an EU guarantee to the European Investment Bank against losses under loans and loan guarantees for projects outside the Union and repealing Decision N°633/2009/EC, was adopted on 25 October 2011. In this context, the EIB external mandate for 2007-2013 benefiting from EU budget Guarantee was increased by €3.7 billion (including €2 billion for climate change operations and €1 billion for the Mediterranean region).

3- Progress in aid management

3.1 Progress on qualitative issues in aid management

Methodological work and training

Developing the skills and capacities of key actors involved in the design and implementation of EU-funded programmes is essential for improving quality, impact and sustainability. The Commission is investing in capacity-building for its staff and other stakeholders through methodological work and training.

In the area of methodological work, in 2011 particular attention was paid to the revision of guidance which should take the form of a new, integrated project and programme cycle management (PPCM). Seminars were organised with the EU Delegations and Member States on political economy, policy dialogue and risk management aiming to test concepts and to draw orientations. Case studies were developed and the testing of the political economy analysis tool launched. Substantial work was carried out on the PPCM technical annexes on political economic analysis, policy dialogue, macro-economics, national development planning, public finance management and sector policy analysis. Methodological work was also carried out in the fields of governance and anti-corruption.

In the tools and methods series, six new documents were published:

⁶⁵ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:280:0001:0001:EN:PDF>

- *Emerging good practice on codes of conduct, partnership principles and memorandums of understanding in the water sector.* The purpose of this document is to guide practitioners in implementing the sector approach in the water sector.
- *Trade and private sector policy and development – support programmes financed by EU external assistance.* This reference document constitutes an in-depth revision of existing guidance in these fields of intervention. It aims, including through its very operational and modular approach, to contribute substantially to a better understanding of Commission services and EU Delegations of the various aspects and dimensions relevant for contributing to the development of the private sector and trade capacities through development cooperation. One of the chapters deals with new types of actions which donors have been increasingly supporting to leverage a more prominent role for the private sector in development through innovative business projects.
- *Engaging non-state actors in new aid modalities – for better development outcomes and governance.* This document provides Commission staff with guidance on how to engage with civil society in order to promote its participation in dialogue, implementation and monitoring of global and sector aid development modalities such as budget support.
- *Support for justice reform in ACP Countries.* This reference document provides guidance on how to approach a justice reform - a complex and yet decisive area of development. It is based on experience and provides an overview of the main features of support to the justice sector in ACP countries.
- *Addressing under-nutrition in external assistance – an integrated approach through sectors and aid modalities.* This document is intended as a resource to guide the practical incorporation of nutrition objectives into relevant sectors and different funding modalities used by the EU - whether in development cooperation or in humanitarian response.
- *Supporting anti-corruption reform in partner countries – concepts, tools and areas for action.* The main objective of this document is to provide relevant insights on the current thinking on and around anticorruption in developing countries and to enable EU staff to acquire useful tools to analyse corruption in a given local setting, become better equipped to support the implementation of anti-corruption strategies and policies and to identify relevant anti-corruption measures for mainstreaming in EU development assistance.

The Commission also provides training and learning events in various areas related to the design and implementation of EU assistance. The aim is to progressively improve context analysis, dialogue with partners, and to guide the choice of most adapted aid modalities so as to better achieve results. In 2011, 121 sessions of methodological courses were held in Brussels and in various partner countries benefiting over 2 300 participants. Besides standard courses on aid delivery methods, sector approaches, aid effectiveness and macro-economics and financial issues, ad hoc seminars were organised in Brussels and in Delegations on policy dialogue, risk management, taxation, and capacity development, hot topics in agriculture and rural development and also in environment, governance and social protection.

Quality of design

The quality of design of aid interventions is also assured by an internal peer review mechanism – known as the quality support groups (oQSG) – where each new action is scrutinised in the initial phase of identification to ensure that the problem to be addressed is well identified and that the approach and aid modality proposed are the most appropriate to address it; and in a second phase to review the proposed design of the intervention. A revised and simplified procedure for this quality system was introduced in 2010 and has been sustained throughout 2011.

In parallel, the Commission will continue the work undertaken on a new IT architecture called the project cycle management platform that should facilitate accessibility to project data and lessons learnt, as well as allow interaction between staff in charge of project/programme design, implementation and evaluation. The Commission aims to build a user-friendly environment to collect, access and use the information currently filed in various ways, which cannot be directly explored. The new on-line tools should also lead to better use of human resources working on development and co-operation.

3.2 Simplification of procedures

In 2011, the Commission invested heavily in making its procedures easier to access and understand for all stakeholders. In July, new e-learning modules on the PRAG (Practical Guide to contract procedures for EU external actions, which contains all rules and templates to be applied by the Commission and decentralised contracting authorities as well as tenderers/applicants in contract award procedures for EU external actions) were made available on the Internet. They explain, in a user-friendly way, the procurement and grant-award procedures to anyone who is interested. In December, the PRAG was released in the ePRAG application, specifically designed to help users consult the text. This includes an enhanced navigation menu and features that allow users to visualise and access the annexes, download documents, consult previous versions, find suggested links and keywords, as well as an advanced search-engine in the text of the ePRAG and its annexes⁶⁶. Six languages are available. These applications can be found at.

Wide consultations throughout the year led to major changes in the way experts for technical assistance are selected, to enter in force early 2012. These include increased use of global price contracts, shortening of the evaluation period to bring forward the moment where all tenderers – including unsuccessful ones – are informed of the outcome of the procedure, ensuring the availability of evaluators or replacements, and possibility for the awarded tenderer to propose replacement experts in case of unavailability prior to contract signature.

The Commission also reviewed the practical guide to procedures for programme estimates, which sets out how de-centralised contracting authorities should manage the programmes entrusted to them. Among other simplifications, the ex-ante verification by the Commission of the procedures for calls for tenders and calls for proposals will be carried out only at the moment of award of contracts, except if the Head of Delegation, following his/her risk analysis, decides to apply an ex-ante verification at a previous stage.

⁶⁶ http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/e-learning_en.htm and ec.europa.eu/europeaid/eprag

The Commission also prepared for the future in proposing new regulations to govern the award of external assistance in the period 2014-2020. In these proposals, all provisions on implementation are placed in one common regulation to ensure the maximum harmonisation of rules across programmes. The proposals are fully in line with, and take full advantage of, the simplification proposals made by the Commission for the revision of the Financial Regulation. In addition, a simplified and more coherent approach to untying of aid is proposed, as well as the acknowledgement that taxes may be eligible for funding if effectively supported by contractors. Delegated acts are also proposed for non essential elements to simplify the legislative process.

4- Communication & transparency

4.1 Communication and visibility

Against the backdrop of a fast-changing global political scene, the economic situation in 2011 meant that it remained as important as ever that the public received good quality, timely information on the EU's development assistance that shows the impact and results of external cooperation as well as addressing the challenges.

Efforts to engage and inform the public during 2011 included the Kapuscinski lecture series, organised jointly by the Commission and the UNDP⁶⁷. Aimed at students, NGOs and the general public, the series included topics such as responding to global threats, the MDGs beyond 2015, and climate change and development. A larger selection of case studies was presented on the Commission's website⁶⁸. While a Eurobarometer survey showed that public support for aid continues to be strong⁶⁹, efforts continued in demonstrating how aid makes a difference on the ground. An example of this was during the high level summit on aid effectiveness in Busan, where a series of videos were presented⁷⁰.

In press relations, seminars for journalists focused on topics such as aid effectiveness and climate change and press trips enabled journalists to report on the EU's work in the field. An example of this was a press trip to the Chernobyl power plant marking the 25 year anniversary of the accident to report on the continuing work the EU is doing to make the site safe. The Lorenzo Natali prize, which recognises outstanding journalism on development issues, was awarded in December⁷¹. Press work around the multi-annual financial framework and the adoption of the Agenda for Change resulted in significant coverage, as did articles to inform the public of the results of the EU's work in different regions of the world, such as in the EU's neighbourhood.

Complementing the present report, other publications focussed on specific areas of the EU's development and external assistance include the European Report on Development, whose 2011-12 edition will focus on nature resources especially food, water and energy⁷². In the

⁶⁷ <http://ec.europa.eu/development/services/events/kapuscinski/index.html>

⁶⁸ http://ec.europa.eu/europeaid/multimedia/case-studies/index_en.htm

⁶⁹ http://ec.europa.eu/public_opinion/archives/ebs/ebs_375_en.pdf

⁷⁰ http://ec.europa.eu/europeaid/multimedia/videos/index_en.htm

⁷¹ <http://lorenzonaliprize.eu/>

⁷² http://www.erd-report.eu/erd/report_2011/index.html

tools and methods reference series, the latest manuals were on engaging non-state actors in new aid modalities, support for justice reform and addressing under-nutrition⁷³.

The EU Development Days (EDD) event again provided an opportunity to advance the debate on development policy and inform stakeholders and communicators on actions taking place and results obtained. Held in Warsaw, Poland, the event focused on development and democracy⁷⁴.

The external cooperation Info Point in Brussels continued to provide information through conferences, film screenings, exhibitions and other events and welcomed more than 8 000 visitors in 2011.

4.2 Transparency

Transparency is the cornerstone of effective development cooperation. Better transparency increases predictability and accountability as well as facilitating donor coordination.

The Busan HLF reconfirmed the importance of transparency for development results. Transparency was also an EU priority and the EU and its Member States announced an EU transparency guarantee⁷⁵ during the forum. This will guide future work in transparency as it sets out actions to be taken by the EU to provide more and better aid information. The guarantee also defines objectives to be promoted by the EU at international level.

The Commission is determined to be a frontrunner in aid transparency. Since October 2011, it has been publishing its external aid flows through the International Aid Transparency Initiative (IATI) which is a common, open, international standard for publishing aid information. Provision of detailed information on EU aid online helps developing countries and European tax payers to better track what aid is being used for, where it is being spent and what it is achieving. The second phase of IATI, making even more detailed aid information available, will be implemented by the Commission in 2012.

To further improve the accessibility to aid information, the EU completed the EU donor atlas in 2011. This contains a detailed mapping of aid by the EU and its Member States in a user-friendly format and is available through easy internet access⁷⁶.

CHAPTER 5 - FINANCIAL ANNEX

5.1 Introduction to financial tables

This Annual Report provides an overview of policies, objectives and achievements in 2011. The tables and graphs which follow present the main data on EU development assistance in

⁷³ http://ec.europa.eu/europeaid/infopoint/publications/europeaid/252a_en.htm

⁷⁴ <http://www.eudevdays.eu/>

⁷⁵ 16773/11

⁷⁶ [EU Donor Atlas 2011](#)

2011 by country, region, or sector and per source of funding, such as the different instruments of EU external assistance.

The geographic cooperation with the ACP countries, is based on the Partnership Agreement with the ACP signatory states and is mainly financed, South Africa excepted, from the European Development Fund which is separate from the EU budget. External assistance for other geographic areas and the thematic programmes with worldwide coverage are financed from the general EU budget.

Data for 2011 again show improved overall Official Development Assistance (ODA) levels. **Figure 5.1** shows the importance of external assistance in the overall expenditure of the European Commission. Defined as the resources used to foster programmes and projects outside the EU, external assistance accounted for 9% of the total allocation in 2011 (general EU budget and EDF taken together).

A global overview of the share of resources is given in **Figure 5.2**. A detailed breakdown of the budget by policy areas can be found in **Table 5.3**. A similar breakdown for the EDF is presented in **Table 5.4**.

The concept of ODA used throughout the tables and figures is that defined by the OECD's Development Assistance Committee (DAC). The figures are those reported by the European Commission and Member States. Not all EU external assistance can be reported as ODA. Whether an action, programme or project is classified as ODA or not depends on the recipient country and the purpose and content of the aid. **Figure 5.5** shows the share of the EU's external assistance classified as ODA. In all, 92% of EU aid committed in 2011 is considered reportable as ODA, indicating an increased focus on development in external financial allocations.

Figures 5.6 and **5.7** show the evolution from 2003 to 2011 of external assistance and ODA. **Figure 5.6** shows the evolution of the main sources of funding: external assistance from the EU Budget and EDF, indicating the share managed by EuropeAid. **Figure 5.7** shows the evolution of the sector breakdown of ODA.

Figure 5.8 and **Table 5.9** present the breakdown per region. For this breakdown, it is necessary to differentiate between bilateral and multilateral aid. Bilateral aid, as defined by the DAC, is direct cooperation by the Commission with a country (or region) where the Commission controls the activities and knows how, when and where the resources are being spent. Multilateral aid comprises direct contributions to the core funding of multilateral agencies, who report back to the Commission at a later stage on how the money was spent.

Figure 5.8 provides a breakdown of EU ODA per region. Africa tops the list (35% of ODA) with, Sub-Saharan Africa receiving 29% of total ODA in 2011. A more detailed breakdown, per country and region, in line with the OECD/DAC recipient list, is presented in **Table 5.10** (Commitments) and **Table 5.11** (Disbursements).

Leaving aside regional programmes, the top ten ODA recipient countries in 2011 (disbursements) were Turkey, the occupied Palestinian territory, Afghanistan, Kosovo⁷⁷, Democratic Republic of Congo, Serbia, Pakistan, Morocco, Ethiopia and South Africa.

Figure 5.12 focuses on ODA recipients classified under the four UN/OECD categories based on GNI. The table monitors disbursements in 2011 by DAC recipient and by main OECD sectors. One indicator shows ODA disbursement per capita.

It is also important to identify the main sectors of activities that receive support. **Table 5.13** shows this breakdown of EU ODA per main sector as defined by the DAC.

A more detailed sector breakdown of ODA is provided in **Table 5.14** for commitments and in **Table 5.15** for payments.

Tables 5.16 and 5.17 give an overview of the ODA managed by EuropeAid, with a breakdown per sector and region. In these tables, the definition of region reflects the country groupings used in the EU instruments and corresponding budget structure.

Tables 5.18 and 5.19 show the sector breakdown of ODA per EU external assistance instrument and sub-component within the instruments, with the associated **Figure 5.20** providing a closer look.

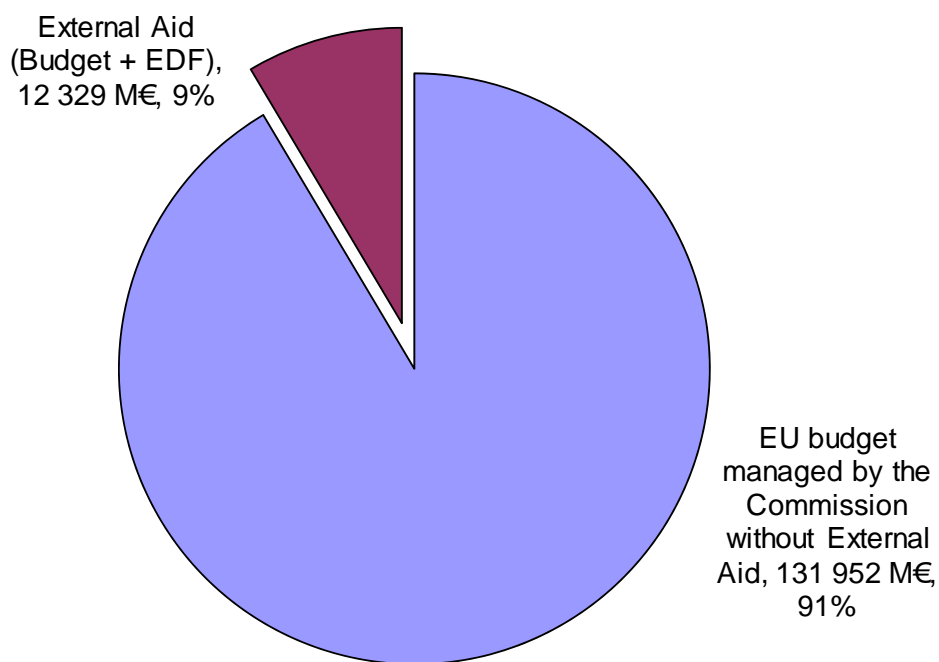
Finally, **Table 5.21** focuses on budget support commitments 2011 by EU instruments.

Please note that where references are made in the following tables to 'EU budget', this refers to the budget managed by the European Commission and does not cover EU Member States' national budgets for development assistance.

5.2 Financial tables

⁷⁷ This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence

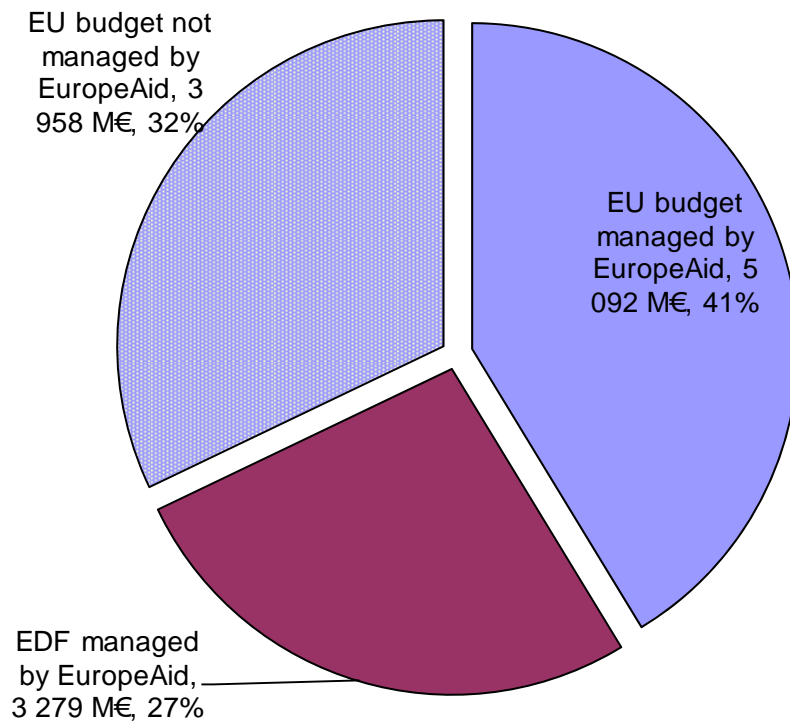
Table 5.1 Percentage of EU budget managed by the Commission committed on external assistance in 2011



Commitments in €million

EU budget managed by the Commission without Ex	131 952 M€
External Aid (Budget + EDF)	12 329 M€
EU budget managed by the Commission + EDF	144 281 M€

Table 5.2 Sources of external assistance in 2011



Commitments (€Million)

EU budget managed by EuropeAid	5 092 M€
EDF managed by EuropeAid	3 279 M€
EU budget not managed by EuropeAid	3 958 M€
External Aid (Budget + EDF)	12 329 M€

Table 5.3 General EU budget for external assistance in 2011

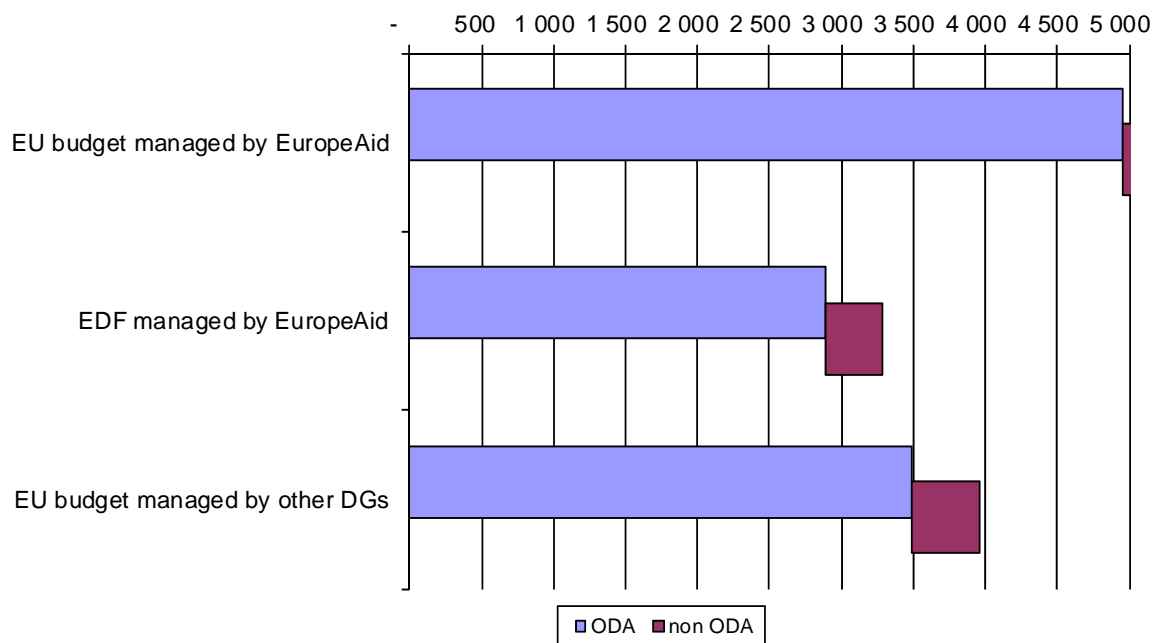
Heading / Policy Area	Description	Total		Managed by EuropeAid		Managed by other DGs		of which ODA	
		Com mit.	Disbursements (1)	Com mit.	Disbursements (1)	Com mit.	Disbursements (1)	Com mit.	Disbursements (1)
4	01 - ECFIN	139.42	194.12			139.42	194.12	0.54	55.24
4	04 - EMPL	102.40	27.92			102.40	27.92	86.40	19.71
4	05 - AGRI	220.04	106.81			220.04	106.81	188.50	88.34
4	07 - ENV	3.56	3.16			3.56	3.16	2.08	2.57
4	13 - REGIO	442.13	311.02			442.13	311.02	372.87	93.10
4	14 - TAXUD	2.17	1.47			2.17	1.47	1.00	0.29
4+1	15 - EAC	76.12	73.54			76.12	73.54	74.72	68.98
4	17 - SANCO	0.24	0.23			0.24	0.23		
4	19 - RELEX	55.64	38.60	55.64	38.60			55.64	37.95
4		331.64	308.46			331.64	308.46	284.20	262.33
4		161.29	123.06	119.89	93.18	41.40	29.88	159.45	118.81
4		25.11	20.06			25.11	20.06		
4		359.14	237.76	153.61	117.03	205.54	120.73	305.14	184.88
4		1 969.20	1 381.00	1 903.20	1 321.47	66.00	59.52	1 933.08	1 309.45
4		351.51	281.92	346.31	269.79	5.20	12.13	350.47	281.40
4		881.21	670.39	867.21	639.90	14.00	30.50	875.01	656.76
4		27.41	27.77	15.50	15.03	11.91	12.74	17.13	16.96
4	20 - TRADE	12.74	11.09			12.74	11.09	3.60	2.71
4	21 - DEV	247.51	319.35	247.51	319.35			247.51	319.35
4		231.80	202.31	231.80	202.31			231.80	201.87
4		226.85	136.35	226.85	136.35			224.49	134.83
4		172.47	171.99	172.47	171.99			172.47	170.86
4		337.67	300.49	337.67	296.59		3.90	337.67	264.30
4		31.17	29.98	31.17	29.98			2.73	2.73
4		19.48	14.58	19.48	14.58			19.48	14.41
4	22 - ELARG	1 025.83	828.99			1 025.83	828.99	927.65	701.25
4	23 - ECHO	1 073.54	1 007.38			1 073.54	1 007.38	1 063.54	995.98
4		13.98	11.23			13.98	11.23	13.78	11.03
4	32 - ENER	3.31	3.50			3.31	3.50	3.31	3.50
4+5	Administrative expenditure of External assistance (2)	505.10	499.44	363.20	355.87	141.89	143.57	482.12	476.50
TOTAL		9 049.67	7 343.96	5 091.50	4 022.02	3 958.16	3 321.94	8 436.40	6 496.07

(1) Before recoveries
(2) Includes administrative cost of EDF management charged to heading 5.
Total ODA (Budget + EDF) administrative cost (from headings 4 & 5 and EDF adm. envelope) shown in tables 5.14 & 5.15
(3) Breakdown by budget line of external aid financed on the general EU budget in 2011. (Amount in € million)

Table 5.4 European Development Fund (EDF) in 2011

Instruments (1)	Commitments (2)	Disbursements (3)	Of Which ODA	
			Commitments (2)	Disbursements (3)
Lomé				
NIP / RIP Grants	-	44	-	44
Aid for Refugees	-	0	-	0
Stabex	-	4	-	4
Risk Capital	-	19	-	19
SYSMIN	-	0	-	0
Heavily indebted poor countries	-	-	-	-
Use of interest (Lomé)	-	0	-	0
Transfer 6th EDF	-	-	-	-
Transfer 7th EDF	-	2	-	2
Total Lomé	-	69	-	69
Cotonou				
A Envelope - Programmable Aid	2 034	1 702	1 980	1 662
Envelope B - unforeseen	176	292	174	271
Regional projects	218	167	218	164
Intra ACP	602	618	291	466
Co financing A Envelope	-	-	-	-
Other	-	1	-	1
Implementation expenditure + Congo Rep. Dem.	248	93	225	84
Total Cotonou	3 279	2 872	2 887	2 648
Grand total EDF	3 279	2 941	2 887	2 717
Breakdown by instrument of development assistance financed on the European Development Fund (EDF) in 2011 (amount in € million).				
(1) Except The Investment Facility (10th EDF) managed by the EIB				
(2) Commitments 2011 have been calculated following DAC procedures :				
Total commitments made in 2011 reduced by decommitments made on projects committed in 2011				
(3) Before recoveries				

Table 5.5 Proportion of external assistance used for Official Development Aid (ODA)

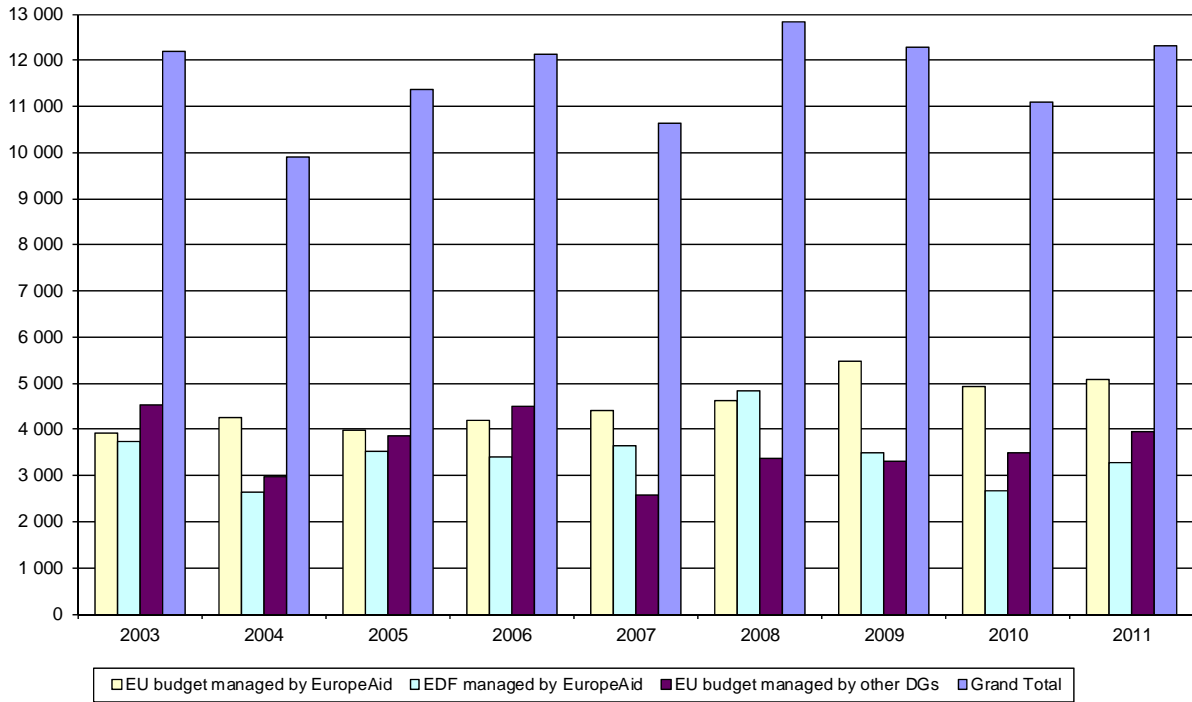


Commitments in €million

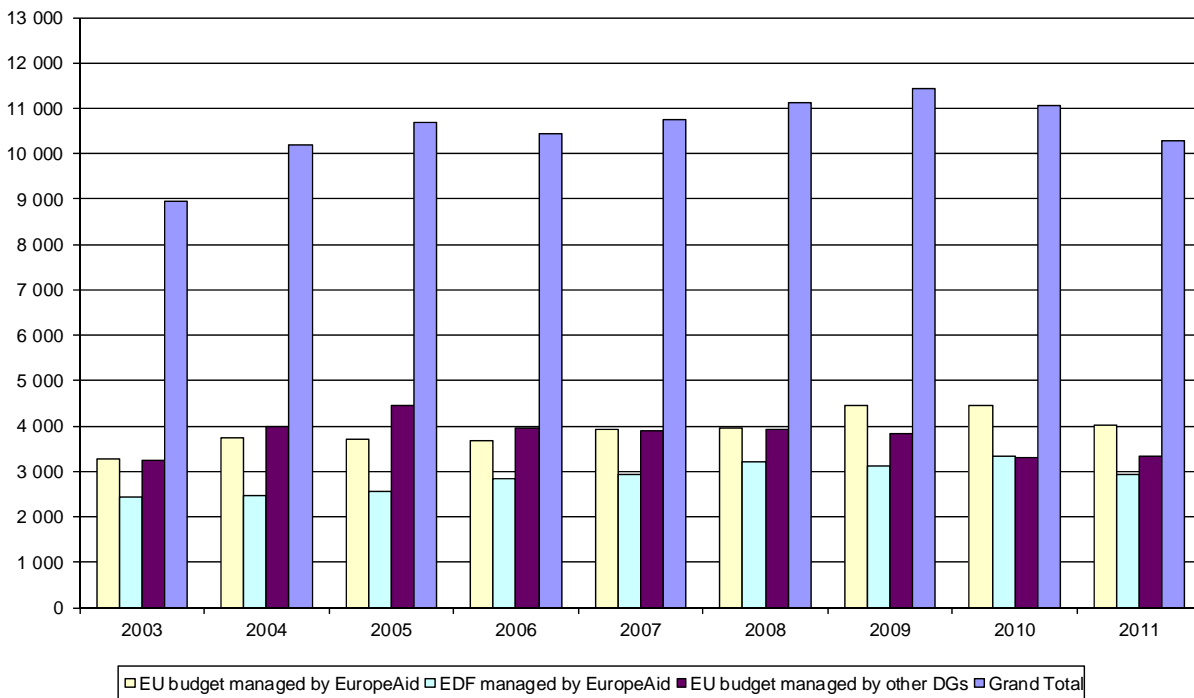
	ODA	non ODA	Total
EU budget managed by EuropeAid	4 953	139	5 092
EDF	2 887	392	3 279
EU budget managed by other DGs	3 484	474	3 958
Total	11 323	1 005	12 329

Table 5.6 2003-2011 External assistance

Commitments in €million



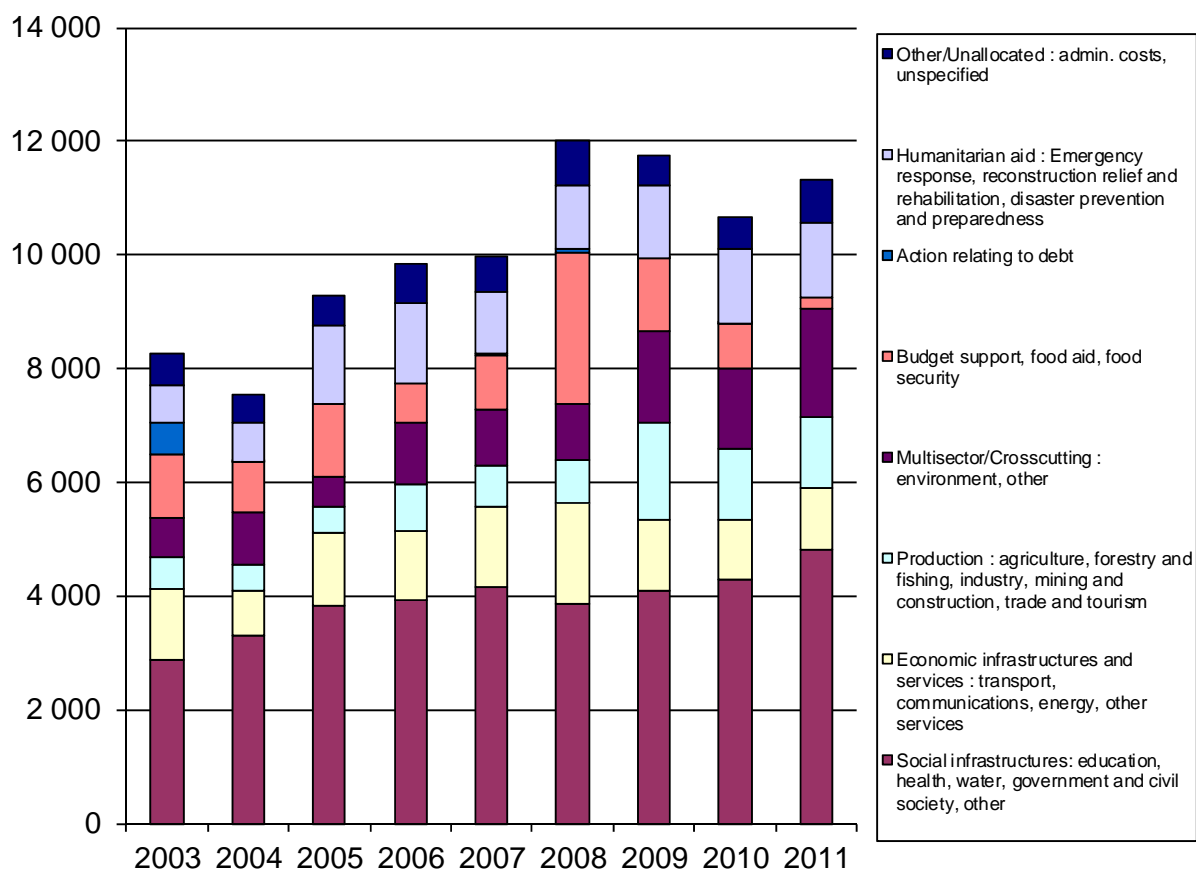
Disbursements in €million



External aid financed on the general EU budget and the European Development Fund (EDF) managed by EuropeAid.
Bilateral and multilateral ODA / other flow s.

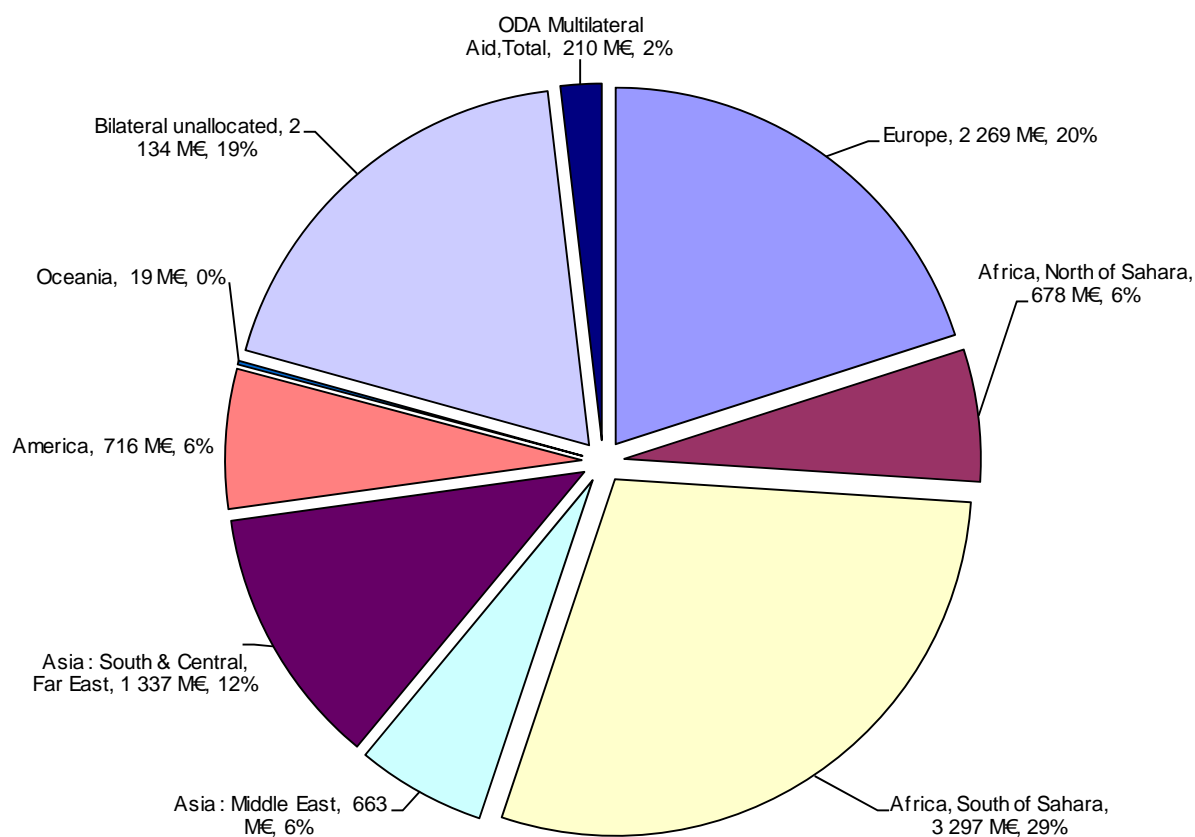
Table 5.7 Sectoral breakdown of Official Development Assistance (ODA) 2003 - 2011

Commitments in € million



Bilateral and multilateral ODA flows.

Table 5.8 Regional distribution of aid to developing countries (ODA) in 2011



Commitments in € million

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

(1) Following OECD region.

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

Table 5.9 Regional distribution of aid to developing countries (ODA) 2006-2011

Commitments in €million						
	2006	2007	2008	2009	2010	2011
Europe	1 532	1 565	2 093	2 030	2 230	2 269
Africa	3 806	3 687	5 272	4 577	3 230	3 975
North Of Sahara	543	521	546	618	673	678
South Of Sahara	2 867	3 113	4 726	3 929	2 500	3 151
Regional	396	53	-	30	57	146
America	759	820	642	899	934	716
North & Central	505	387	329	621	609	445
South	214	334	312	260	257	246
Regional	40	100	2	19	68	25
Asia	1 852	1 728	1 946	2 043	2 063	2 000
Middle East	587	743	735	669	652	663
South & Central	831	739	886	1 024	948	1 099
Far East	347	164	233	295	363	158
Regional	88	81	91	56	99	79
Oceania	32	141	19	89	116	19
Bilateral unallocated	1 245	1 586	1 586	2 000	1 761	2 134
ODA Multilateral Aid, Total	605	431	366	125	325	210
TOTAL ODA	9 832	9 959	11 923	11 764	10 658	11 323

Disbursements in €Million						
	2006	2007	2008	2009	2010	2011
Europe	1 069	1 062	1 242	1 720	1 507	1 437
Africa	3 341	3 779	4 003	4 111	4 161	3 939
North Of Sahara	658	692	570	610	537	517
South Of Sahara	2 683	3 024	3 433	3 478	3 563	3 170
Regional	0	63	1	23	61	252
America	666	776	769	809	973	721
North & Central	365	454	415	441	666	421
South	246	275	314	348	287	270
Regional	56	47	40	20	21	30
Asia	1 596	1 496	1 850	1 854	1 845	1 874
Middle East	494	574	709	617	596	507
South & Central	699	604	858	908	935	996
Far East	295	263	250	266	267	321
Regional	108	55	33	63	47	49
Oceania	64	52	65	59	91	85
Bilateral unallocated	790	856	1 025	955	1 084	910
ODA Multilateral Aid, Total	602	472	239	292	179	248
TOTAL ODA	8 130	8 493	9 194	9 800	9 841	9 213

Bilateral and multilateral ODA flows.

(1) Following OECD region.

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

Table 5.10 Country breakdown of EU development aid managed by the Commission in 2011

Commitments (€ Million)

Country/Region	Budget managed by EuropeAid	Budget not managed by EuropeAid	EDF	Grand Total
Part I : Developing Countries & Territories (ODA)				
Europe, Total	494.94	1 774.32		2 269.26
Albania		86.01		86.01
Belarus	22.08			22.08
Bosnia and Herzegovina		117.16		117.16
Kosovo (1)		230.27		230.27
former Yugoslav Republic of Macedonia		97.53		97.53
Republic of Moldova	80.60	0.06		80.66
Montenegro	0.01	31.49		31.50
Serbia		192.26		192.26
Turkey		779.90		779.90
Ukraine	150.46	0.07		150.53
States of ex-Yugoslavia unspecif.				
Europe, Regional	241.78	239.56		481.34
Africa, Total	1 019.40	647.72	2 307.84	3 974.96
North Of Sahara, Total	587.85	90.14		677.99
Algeria	58.00	9.00		67.00
Egypt	92.00	39.60		131.60
Libya	11.63	21.56		33.19
Morocco	156.60			156.60
Tunisia	142.48	4.98		147.46
North Of Sahara, Regional	127.14	15.00		142.14
South Of Sahara, Total	362.42	554.58	2 233.73	3 150.73
Angola			25.00	25.00
Benin	8.00		63.00	71.00
Botswana			8.00	8.00
Burkina Faso	5.00	0.00	26.50	31.50
Burundi		9.25	66.00	75.25
Cameroon			5.40	5.40
Cape Verde				
Central African Rep.	6.70	9.00	12.70	28.40
Chad		29.80	87.00	116.80
Comoros			2.10	2.10
Congo, Dem. Rep.	16.50	73.35	189.68	279.53
Congo, Rep.	5.00		20.20	25.20
Cote d'Ivoire	7.80	66.00	125.00	198.80
Djibouti		2.00	12.00	14.00
Equatorial Guinea				
Eritrea		0.00		0.00
Ethiopia		49.61	63.00	112.61
Gabon			12.00	12.00
Gambia	3.86		15.00	18.86
Ghana			14.35	14.35
Guinea			20.60	20.60
Guinea-Bissau				
Kenya		35.72	23.34	59.06
Lesotho			57.65	57.65
Liberia	2.00	5.00	2.90	9.90
Madagascar			6.00	6.00
Malawi	11.59		2.00	13.59
Mali		4.00	12.87	16.87
Mauritania		0.00	66.00	66.00
Mauritius	55.51		11.50	67.01
Mozambique	9.92		32.00	41.92

Namibia			5.00	5.00
Niger	4.50	4.04	102.00	110.54
Nigeria		5.80	478.00	483.80
Rwanda				
St.Helena			16.63	16.63
Sao Tome & Principe			0.50	0.50
Senegal			31.00	31.00
Seychelles				
Sierra Leone	9.88		16.50	26.38
Somalia	4.00	90.01	98.80	192.81
South Africa	140.55			140.55
Sudan		158.00	137.00	295.00
Swaziland	54.27		26.50	80.77
Tanzania			41.82	41.82
Togo			17.80	17.80
Uganda	11.00	3.00	20.00	34.00
Zambia			4.00	4.00
Zimbabwe		10.00	34.00	44.00
South Of Sahara, Regional	6.35		222.39	228.74
Africa, Regional	69.13	3.00	74.12	146.24
America, Total	410.41	63.66	241.87	715.95
North & Central, Total	179.37	45.50	220.03	444.90
Anguilla				
Antigua & Barbuda				
Belize				
Costa Rica	17.00			17.00
Cuba	7.00			7.00
Dominica				
Dominican Republic		5.50	24.94	30.44
El Salvador	48.40			48.40
Grenada			2.50	2.50
Guatemala	12.50	4.00		16.50
Haiti		36.00	77.03	113.03
Honduras	30.44	0.00		30.44
Jamaica	30.95		22.18	53.13
Mexico				
Montserrat				
Nicaragua	23.05			23.05
Panama				
St.Kitts-Nevis				
St.Lucia			10.00	10.00
St.Vincent & Grenadines			0.78	0.78
West Indies, Regional			82.60	82.60
N. & C. America, Regional	10.03			10.03
South, Total	206.46	18.16	21.84	246.47
Argentina	7.72	4.16		11.88
Bolivia	39.00			39.00
Brazil				
Chile				
Colombia	11.60	12.00		23.60
Ecuador	34.00	0.00		34.00
Guyana	24.92		21.84	46.77
Paraguay	31.00			31.00
Peru	2.00	2.00		4.00
Suriname	0.20	0.00		0.20
Uruguay	5.00			5.00
Venezuela				
South America, Regional	51.02			51.02
America, Regional	24.58			24.58

Asia, Total	1 498.88	491.14	10.00	2 000.02
Middle East, Total	517.60	145.56		663.16
Iran				
Iraq	17.70	10.00		27.70
Jordan	111.00			111.00
Lebanon	33.00	25.92		58.92
occupied Palestinian territory	292.65	84.64		377.29
Syria	10.00			10.00
Yemen	20.00	25.00		45.00
Middle East, Regional	33.25			33.25
South & Centr. Asia, Total	780.85	318.59		1 099.44
Afghanistan	227.00	120.00		347.00
Armenia	48.01			48.01
Azerbaijan	31.00			31.00
Bangladesh	131.27	21.00		152.27
Bhutan	3.60			3.60
Georgia	50.73	24.03		74.76
India	105.00	6.60		111.60
Kazakhstan				
Kyrgyz Rep.	18.10	0.32		18.42
Maldives				
Myanmar (Burma)	15.00	22.25		37.25
Nepal	7.00	1.20		8.20
Pakistan	30.00	92.50		122.50
Sri Lanka	49.00	13.00		62.00
Tajikistan	18.96	0.00		18.96
Turkmenistan	5.20			5.20
Uzbekistan	10.00			10.00
Central Asia, Regional	10.68	7.68		18.36
South Asia, Regional				
South & Central Asia, Regional	20.30	10.00		30.30
Far East, Total	125.33	23.00	10.00	158.33
Cambodia	5.30	10.00		15.30
China	35.01			35.01
Indonesia	15.00			15.00
Korea, Dem.		10.00		10.00
Laos	9.00			9.00
Malaysia				
Mongolia	8.00	0.00		8.00
Philippines	21.00	3.00		24.00
Thailand	9.00			9.00
Timor-Leste			10.00	10.00
Viet Nam	18.02			18.02
Far East Asia, Regional	5.00			5.00
Asia, Regional	75.10	4.00		79.10
Oceania, Total	10.06		9.12	19.18
Cook Islands			0.60	0.60
Fiji	7.06			7.06
Kiribati				
Marshall Islands				
Micronesia, Fed. Sts.				
Nauru			0.50	0.50
Niue				
Palau				
Papua New Guinea				
Samoa	3.00		2.59	5.59
Solomon Islands			2.48	2.48
Tokelau				
Tonga				
Tuvalu				
Vanuatu			1.88	1.88
Wallis & Futuna			1.08	1.08
Oceania, Regional				
Bilateral unallocated	1 325.62	504.94	303.16	2 133.72
Part I (ODA) Bilateral, Total	4 759.31	3 481.79	2 871.99	11 113.09

Public Private Partnerships				
United Nations	120.30	1.99		122.29
UNRWA	115.30			115.30
UNDP				
WFP				
WHO				
FAO				
World Bank Group				
World Trade Organisation				
Regional Development Banks	8.00			8.00
Other Multilateral Institutions	65.00		15.00	80.00
GFTAM	65.00		15.00	80.00
Others				
Part I (ODA) Multilateral Aid, Total	193.30	1.99	15.00	210.29
Part I (ODA), Total	4 952.62	3 483.78	2 886.99	11 323.38
Part II: Countries and Territories in Transition (non ODA)				
More Advanced Developing Countries	30.44	65.79	52.35	148.58
Aruba			8.80	8.80
Bahamas				
Bahrain				
Barbados				
French Polynesia			2.00	2.00
Gibraltar				
Israel	2.00	2.37		4.37
Korea		1.21		1.21
Kuwait				
Mayotte				
Netherlands Antilles				
New Caledonia			19.81	19.81
Oman				
Qatar				
Saudi Arabia		1.33		1.33
Trinidad & Tobago			1.00	1.00
Turks & Caicos Islands				
United Arab Emirates		0.21		0.21
Virgin Islands (UK)				
MADCT Unallocated	28.44	60.67	20.74	109.85
CEECs/NIS	27.69	191.49		219.18
Bulgaria				
Croatia		147.87		147.87
Cyprus		28.00		28.00
Czech Republic		0.11		0.11
Estonia				
Hungary		0.00		0.00
Latvia		0.01		0.01
Lithuania		0.00		0.00
Poland		0.01		0.01
Romania				
Russia	4.40	0.00		4.40
Slovenia				
Europe Unallocated	23.29	15.48		38.78
Part II (Non-OA) Bilateral Aid, Total	58.13	257.27	52.35	367.76
Grand Total Part I & Part II	5 010.75	3 741.05	2 939.34	11 691.14

Breakdown by country/region of external aid financed on the general EU budget and the European Development Fund (EDF) in 2011.

Bilateral and multilateral ODA / non-ODA flows.

(1) This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence

Table 5.11 Country breakdown of EU development aid managed by the Commission in 2011

Disbursements (€Million)

Country/Region	Budget managed by EuropeAid	Budget not managed by EuropeAid	EDF	Grand Total
Part I : Developing Countries & Territories (ODA)				
Europe, Total	337.82	1 099.29	0.02	1 437.12
Albania	0.54	61.64		62.17
Belarus	9.48	1.65		11.13
Bosnia and Herzegovina	1.36	56.06		57.41
Kosovo (1)	0.00	219.23		219.23
former Yugoslav Republic of Macedonia	0.29	52.24		52.52
Republic of Moldova	84.87	22.74		107.62
Montenegro	0.21	17.04		17.25
Serbia	0.78	188.68		189.46
Turkey	0.74	312.33		313.07
Ukraine	109.03			109.03
States of ex-Yugoslavia unspecif.		1.01		1.01
Europe, Regional	130.52	166.66	0.02	297.20
Africa, Total	997.03	611.00	2 331.02	3 939.04
North Of Sahara, Total	432.95	84.04		516.99
Algeria	44.21	13.14		57.35
Egypt	39.79	8.32		48.11
Libya	9.90	25.65		35.56
Morocco	152.47	0.06		152.54
Tunisia	116.65	13.73		130.38
North Of Sahara, Regional	69.93	23.13		93.06
South Of Sahara, Total	473.98	522.27	2 173.39	3 169.65
Angola	5.23		14.74	19.97
Benin	1.86	0.18	46.88	48.91
Botswana	0.14		15.01	15.14
Burkina Faso	9.75	9.02	80.49	99.27
Burundi	5.76	4.72	52.43	62.92
	6.43	0.95	42.29	49.66
Cape Verde	2.29		14.11	16.40
Central African Rep.	5.96	9.44	31.77	47.17
Chad	3.32	39.38	39.86	82.56
Comoros		0.02	5.68	5.69
Congo, Dem. Rep.	9.77	75.71	130.64	216.12
Congo, Rep.	3.85	0.84	9.58	14.28
Cote d'Ivoire	4.59	29.59	43.81	77.99
Djibouti	0.43	1.43	7.05	8.91
Equatorial Guinea		0.01	0.11	0.12
Eritrea	3.48	0.37	25.33	29.18
Ethiopia	11.17	35.60	100.95	147.71
Gabon	0.08		5.40	5.48
Gambia	0.28	0.19	27.23	27.69
Ghana	3.97	0.78	58.81	63.57
Guinea	6.41	1.86	21.81	30.08
Guinea-Bissau	4.74	0.02	10.05	14.81
Kenya	12.86	32.23	45.53	90.63
Lesotho	0.94		41.32	42.26
Liberia	4.82	20.59	38.26	63.67
Madagascar	6.59	0.87	16.31	23.77
Malawi	7.68	0.17	44.16	52.01
Mali	6.67	7.94	87.00	101.61
Mauritania	4.21	1.88	46.08	52.18
Mauritius	38.52	0.55	17.88	56.95
Mozambique	9.52	0.42	82.82	92.75

Namibia	1.06	0.16	21.53	22.75
Niger	5.11	30.32	64.30	99.72
Nigeria	4.10	12.98	46.34	63.42
Rwanda	2.76	0.04	64.54	67.34
St.Helena			3.30	3.30
Sao Tome & Principe	0.90		2.86	3.76
Senegal	2.30	1.12	77.47	80.89
Seychelles	0.20		4.72	4.92
Sierra Leone	10.46	0.12	40.89	51.47
Somalia	5.88	67.27	38.82	111.96
South Africa	139.66	3.12	0.01	142.79
Sudan	11.57	101.01	4.55	117.13
Swaziland	11.27		12.71	23.97
Tanzania	8.05	5.87	93.74	107.66
Togo	2.08	0.83	25.75	28.67
Uganda	2.39	6.27	113.38	122.04
Zambia	17.07	2.60	57.82	77.49
Zimbabwe	22.79	15.27	25.57	63.63
South Of Sahara, Regional	45.01	0.55	271.74	317.30
Africa, Regional	90.09	4.68	157.63	252.40
America, Total	428.20	118.51	173.93	720.63
North & Central, Total	181.41	74.79	164.38	420.59
Anguilla			0.02	0.02
Antigua & Barbuda			3.22	3.22
Belize	5.91	0.21	1.46	7.57
Costa Rica	1.34	0.02		1.36
Cuba	3.06	0.39		3.45
Dominica	5.12	0.40	6.00	11.52
Dominican Republic	0.76	6.70	25.41	32.87
El Salvador	28.72	1.81		30.53
Grenada	0.18		2.38	2.56
Guatemala	26.98	2.78		29.75
Haiti	6.14	53.45	70.38	129.97
Honduras	31.63	1.04		32.67
Jamaica	10.42	0.17	8.81	19.39
Mexico	7.25			7.25
Montserrat			1.60	1.60
Nicaragua	24.57	5.27		29.83
Panama	0.39	0.19		0.58
St.Kitts-Nevis	11.49	0.16	0.81	12.45
St.Lucia	3.85		11.32	15.18
St.Vincent & Grenadines	2.02	0.16	7.44	9.62
West Indies, Regional	0.55		18.49	19.05
N. & C. America, Regional	11.04	2.07	7.04	20.14
South, Total	223.49	37.19	9.45	270.13
Argentina	10.67	0.75		11.42
Bolivia	33.37	4.07		37.43
Brazil	11.27	1.57		12.84
Chile	10.16	1.11		11.27
Colombia	22.27	13.71		35.98
Ecuador	18.89	3.18		22.07
Guyana	14.80		5.91	20.71
Paraguay	17.81	0.96		18.77
Peru	10.10	7.14		17.24
Suriname	1.81	0.10	3.54	5.44
Uruguay	7.64	0.04		7.67
Venezuela	3.51	0.83		4.34
South America, Regional	61.19	3.76		64.94
America, Regional	23.29	6.52	0.10	29.91

Asia, Total	1 275.81	583.58	14.61	1 874.00
Middle East, Total	382.87	124.42	0.13	507.42
Iran	0.30	0.40		0.70
Iraq	3.71	5.89		9.60
Jordan	76.57	4.42		80.99
Lebanon	15.74	23.60		39.34
occupied Palestinian territory	231.67	55.85		287.52
Syria	20.11	6.07		26.18
Yemen	23.52	14.60		38.11
Middle East, Regional	11.26	13.58	0.13	24.97
South & Centr. Asia, Total	592.10	404.12		996.22
Afghanistan	165.22	96.19		261.41
Armenia	33.58	35.19		68.77
Azerbaijan	17.75	0.06		17.81
Bangladesh	86.73	27.98		114.71
Bhutan	0.56	0.16		0.72
Georgia	70.20	31.72		101.91
India	49.52	11.50		61.02
Kazakhstan	13.78	0.29		14.08
Kyrgyz Rep.	21.28	6.40		27.68
Maldives	0.04			0.04
Myanmar (Burma)	17.34	17.36		34.70
Nepal	18.56	5.25		23.81
Pakistan	35.07	149.47		184.54
Sri Lanka	22.76	10.98		33.74
Tajikistan	13.24	0.41		13.65
Turkmenistan	3.10	0.00		3.10
Uzbekistan	3.90	0.29		4.19
Central Asia, Regional	9.57	10.87		20.44
South Asia, Regional	8.25			8.25
South & Central Asia, Regional	1.63			1.63
Far East, Total	263.12	43.41	14.45	320.98
Cambodia	34.77	3.03		37.79
China	32.73	1.30		34.03
Indonesia	90.25	4.60		94.85
Korea, Dem.	4.17	7.55	6.25	17.97
Laos	15.20	1.21		16.41
Malaysia	1.08			1.08
Mongolia	3.21	0.35		3.56
Philippines	26.76	10.19		36.94
Thailand	4.58	12.01		16.59
Timor-Leste	4.10	0.83	8.20	13.12
Viet Nam	45.21	2.35		47.56
Far East Asia, Regional	1.07			1.07
Asia, Regional	37.71	11.63	0.04	49.38
Oceania, Total	6.48	2.91	75.39	84.78
Cook Islands		0.05	1.12	1.17
Fiji	3.38	0.05	1.78	5.21
Kiribati		0.05	2.58	2.63
Marshall Islands		0.04	0.02	0.06
Micronesia, Fed. Sts.		0.09	1.11	1.20
Nauru		0.04	0.03	0.07
Niue		0.04	0.66	0.70
Palau		0.04	0.01	0.05
Papua New Guinea	1.04	0.27	12.97	14.29
Samoa	0.07	0.09	15.61	15.76
Solomon Islands		1.26	3.03	4.29
Tokelau		0.05		0.05
Tonga		0.09	6.43	6.52
Tuvalu		0.05	3.38	3.43
Vanuatu	0.36	0.69	1.00	2.06
Wallis & Futuna			5.44	5.44
Oceania, Regional	1.63		20.22	21.85
Bilateral unallocated	578.15	259.45	72.04	909.64
Part I (ODA) Bilateral, Total	3 623.48	2 674.73	2 667.00	8 965.21

Public Private Partnerships				
United Nations	101.44	1.99		103.43
UNRWA	98.17			98.17
UNDP				
WFP				
WHO				
FAO				
World Bank Group	1.44			1.44
World Trade Organisation				
Regional Development Banks	28.00			28.00
Other Multilateral Institutions	65.00		50.00	115.00
GFTAM	65.00		50.00	115.00
Others				
Part I (ODA) Multilateral Aid, Total	195.87	1.99	50.00	247.86
Part I (ODA), Total	3 819.35	2 676.72	2 717.00	9 213.08
Part II: Countries and Territories in Transition (non ODA)				
More Advanced Developing Countries	79.80	47.13	42.32	169.26
Aruba			0.21	0.21
Bahamas		0.01	1.02	1.03
Bahrain		0.03		0.03
Barbados	5.76		0.04	5.80
French Polynesia	0.12		0.09	0.21
Gibraltar				
Israel	4.96	3.10		8.06
Korea		0.24		0.24
Kuwait		0.03		0.03
Mayotte			4.37	4.37
Netherlands Antilles			0.01	0.01
New Caledonia			3.92	3.92
Oman		0.03		0.03
Qatar		0.03		0.03
Saudi Arabia		0.28		0.28
Trinidad & Tobago	29.66	0.02	26.71	56.39
Turks & Caicos Islands			0.78	0.78
United Arab Emirates		0.11		0.11
Virgin Islands (UK)			0.28	0.28
MADCT Unallocated	39.30	43.26	4.90	87.47
CEEC's/NIS	60.38	367.88		428.26
Bulgaria	0.12	31.37		31.50
Croatia	0.98	98.51		99.50
Cyprus		48.39		48.39
Czech Republic		0.37		0.37
Estonia		0.70		0.70
Hungary		16.33		16.33
Latvia		0.03		0.03
Lithuania		1.28		1.28
Poland	0.01	10.17		10.18
Romania		128.55		128.55
Russia	37.69	9.39		47.07
Slovenia	0.01	0.23		0.24
Europe Unallocated	21.56	22.57		44.12
Part II (Non-OA) Bilateral Aid, Total	140.18	415.02	42.32	597.52
Grand Total Part I & Part II	3 959.53	3 091.74	2 759.33	9 810.60

Breakdown by country/region of external aid financed on the general EU budget and the European Development Fund (EDF) in 2011.

Bilateral and multilateral ODA / non-ODA flows.

(1) This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence

Table 5.12 ODA Recipient by main OECD sector in 2011

Disbursements in € million

	ODA per Capita (Euro / Capita) (1)	Total	Social Infrastructures	Economic Infrastructures & Services	Production	Multisector / Crosscutting	Budget Support, Food Aid, Food Security	Action relating to debt	Humanitarian Aid	Other / Unallocated
Least Developed Countries (LDC)										
Afghanistan	8.32	261.41	176.01	0.02	12.28	15.03	12.00		45.78	0.29
Angola	1.05	19.97	12.52	0.77	2.55	0.08			4.03	0.01
Bangladesh	0.77	114.71	46.00	0.05	8.84	3.16	25.18		30.99	0.49
Benin	5.53	48.91	13.59	30.93	2.32	0.07	1.10		0.87	0.02
Bhutan	1.00	0.72	0.23	0.03	0.24	0.07			0.16	0.01
Burkina Faso	6.03	99.27	21.40	4.30	3.76	0.87	57.71		11.22	
Burundi	7.51	62.92	12.65	20.63	4.32	2.13	17.45		5.55	0.18
Cambodia	2.67	37.79	22.00	0.63	6.22	1.54	4.24		3.03	0.12
Central African Rep.	10.72	47.17	6.95	26.94	2.19	1.13	0.38		9.55	0.03
Chad	7.35	82.56	24.61	4.18	3.65	6.51	1.40		42.18	0.02
Comoros	7.75	5.69	4.91	0.41	0.32	0.01			0.02	0.02
Congo, Dem. Rep.	3.28	216.12	107.82	16.85	9.22	12.09	16.01		52.85	1.28
Djibouti	10.03	8.91	3.33	0.65	0.18	0.01			2.63	2.11
Equatorial Guinea	0.18	0.12	0.11						0.01	
Eritrea	5.55	29.18	22.59	1.40	1.44	0.44	2.84		0.47	
Ethiopia	1.78	147.71	16.65	76.68	2.15	1.36	5.59		44.96	0.32
Gambia	16.02	27.69	2.06	25.36	0.14				0.14	
Guinea	3.01	30.08	10.42	11.66	2.01	0.56	4.09		0.81	0.54
Guinea-Bissau	9.77	14.81	9.59	2.21	1.75	0.18	1.05		0.02	0.01
Haiti	13.01	129.97	14.91	26.12	3.07	0.93	27.20		57.38	0.35
Kiribati	26.46	2.63	1.46	0.16					1.01	
Laos	2.65	16.41	3.00	0.00	4.70	0.39	7.06		1.21	0.05
Lesotho	19.46	42.26	23.33	10.11	0.06	0.00	8.77			
Liberia	15.94	63.67	13.32	3.88	3.08	0.58	20.91		21.88	0.03
Madagascar	1.15	23.77	13.26	2.78	0.82	0.91	2.93		3.07	
Malawi	3.49	52.01	14.02	15.03	6.77	9.73	5.69		0.27	0.51
Maldives	0.12	0.04				0.04				
Mali	6.61	101.61	27.01	27.96	7.12	1.44	31.42		5.64	1.01
Mauritania	15.08	52.18	6.74	41.29	0.46	0.09	1.64		1.88	0.07
Mozambique	3.97	92.75	20.02	14.96	2.30	3.12	52.11		0.24	
Myanmar (Burma)	0.72	34.70	12.42		1.57	0.35	3.38		16.99	
Nepal	0.79	23.81	9.71	2.71	2.03	0.93	1.87		6.20	0.36
Niger	6.43	99.72	20.11	3.21	1.67	0.84	45.42		28.04	0.42
Rwanda	6.34	67.34	14.22	13.20	6.58	0.57	31.71		0.04	1.03
Samoa	86.10	15.76	15.61		0.00	0.07			0.09	
Sao Tome & Principe	22.75	3.76	1.51	1.57	0.07	0.16	0.41			0.04
Senegal	6.51	80.89	14.41	26.10	1.80	4.63	32.43		1.06	0.46
Sierra Leone	8.77	51.47	13.83	15.45	1.43	1.31	13.58		5.59	0.29
Solomon Islands	7.97	4.29	2.97			0.57	0.01		0.75	
Somalia	12.00	111.96	26.88	5.99	6.74	2.55	0.47		68.67	0.66
Sudan	2.69	117.13	6.60		0.25	0.15	8.93		101.20	
Tanzania	2.40	107.66	11.02	34.82	2.50	1.09	52.31		5.86	0.05
Timor-Leste	11.67	13.12	4.54	0.70	0.23	5.58	1.45		0.62	0.01
Togo	4.76	28.67	10.65	0.74	0.28	7.89	8.23		0.83	0.04
Tuvalu	349.19	3.43	1.73			0.15	1.50		0.05	0.01
Uganda	3.65	122.04	11.51	61.75	16.22	0.15	23.35		8.58	0.46
Vanuatu	8.58	2.06	0.67		0.38	0.25	0.10		0.65	0.00
Yemen	1.58	38.11	21.22	0.03	2.17		1.29		13.41	
Zambia	5.92	77.49	21.35	6.01	4.51	1.01	43.80		0.23	0.57
South Of Sahara, Regional - LDC's										
Asia, Regional - LDC's										
Total Least Developed Countries	3.41	2 836.46	871.45	538.27	140.40	90.74	577.00		606.71	11.90

Other Low Income Countries (OLIC)										
Cote d'Ivoire	3.95	77.99	28.68	6.87	4.43	0.39		12.14	25.15	0.33
Ghana	2.61	63.57	8.27	15.53	3.71	4.12	31.04		0.78	0.10
Kenya	2.24	90.63	13.07	22.51	10.19	5.72	2.03		36.77	0.34
Korea, Dem.	0.74	17.97	1.28				2.88		7.55	6.25
Kyrgyz Rep.	5.19	27.68	23.15	0.01	0.87	0.40	0.75		2.50	
Nigeria	0.40	63.42	55.74	0.85	0.43	0.22			6.13	0.05
Pakistan	1.06	184.54	35.70		0.88	5.77	2.74		139.31	0.15
Papua New Guinea	2.08	14.29	9.55		4.19	0.22			0.27	0.05
Tajikistan	1.98	13.65	8.48	0.27	2.89	0.69	0.90		0.41	
Uzbekistan	0.15	4.19	3.41		0.21				0.29	0.27
Viet Nam	0.54	47.56	11.60	0.02	3.93	12.47	17.18		2.35	0.01
Zimbabwe	5.06	63.63	29.56	0.60	8.58	5.42	5.61		13.87	
Total Other Low Income Countries	1.14	669.10	228.49	46.67	40.32	35.43	63.13	12.14	235.38	7.55
Lower Middle Income Countries (LMIC)										
Albania	19.40	62.17	36.50	14.41	8.20	3.00				0.06
Algeria	1.62	57.35	22.13	6.11	13.09	2.77			13.14	0.12
Armenia	22.24	68.77	20.58	4.58	0.28	0.30	43.01			0.01
Azerbaijan	1.94	17.81	10.24	5.69	0.82	1.01			0.06	
Bolivia	3.77	37.43	18.45	5.49	3.81	2.86	3.50		3.32	
Bosnia and Herzegovina	15.27	57.41	36.47	5.67	7.31	3.34			0.38	4.25
Cameroon	2.53	49.66	9.20	26.00	7.85	4.93			1.67	0.02
Cape Verde	33.06	16.40	7.28	0.09	0.57	3.57	4.89			
China	0.03	34.03	23.45	2.67	3.63	2.08			0.85	1.36
Colombia	0.78	35.98	13.26	0.26	8.14	0.02			14.29	0.01
Congo, Rep.	3.53	14.28	5.37	2.18	2.03	2.40	0.48		1.79	0.04
Cuba	0.31	3.45	1.39	0.45	1.17	0.05			0.39	
Dominican Republic	3.31	32.87	8.84	13.16	6.57	0.22	1.24		2.82	0.01
Ecuador	1.53	22.07	5.32	0.95	11.41	1.47			2.85	0.06
Egypt	0.59	48.11	34.76	2.45	1.03	3.19			6.67	0.00
El Salvador	4.93	30.53	24.89		3.73	0.10			1.81	
Georgia	23.42	101.91	60.55	3.05	3.10	1.16	0.04		33.96	0.06
Guatemala	2.07	29.75	8.84	1.53	2.12	4.64	9.97		2.66	
Guyana	27.45	20.71	1.04		14.53	5.13				0.01
Honduras	4.30	32.67	11.40	0.96	6.00	5.35	7.93		1.03	
India	0.05	61.02	43.88	1.53	1.19	4.30			9.93	0.20
Indonesia	0.40	94.85	66.12	2.46	4.20	0.68			21.29	0.11
Iran	0.01	0.70	0.08						0.40	0.22
Iraq	0.30	9.60	3.56	0.05		0.04			5.95	
Jamaica	7.08	19.39	4.47	1.04	10.27	2.50	0.10		0.94	0.07
Jordan	13.09	80.99	45.39	16.46	12.74	1.76	0.15		4.42	0.06
Kosovo (2)	120.09	219.23	178.07	15.27	9.99	7.30			0.30	8.31
former Yugoslav Republic of Macedonia	25.49	52.52	20.29	2.15	10.79	17.90				1.39
Marshall Islands	1.17	0.06	0.02	0.00					0.04	
Micronesia, Fed. Sts.	10.77	1.20	0.27	0.83		0.01			0.09	
Republic of Moldova	30.12	107.62	34.77	38.57	0.31	11.18	20.00			2.79
Mongolia	1.29	3.56	0.76		2.41	0.04			0.35	
Morocco	4.77	152.54	66.94	55.99	16.57	0.60	12.43			
Namibia	9.96	22.75	14.49	5.00	0.20	1.86			0.16	1.04
Nicaragua	5.15	29.83	9.81	8.52	4.84	2.14	2.22		2.18	0.12
Niue	478.62	0.70	0.66						0.04	
occupied Palestinian territory	71.18	287.52	218.91	1.95	11.75	4.36	2.97		47.53	0.06
Paraguay	2.91	18.77	16.41	0.15	0.95	0.25	0.05		0.96	
Peru	0.59	17.24	9.75	0.94	0.09	0.82	0.27		4.95	0.42
Philippines	0.40	36.94	19.27		3.32	1.76	1.87		10.67	0.05
Sri Lanka	1.62	33.74	15.72	0.01	0.78	0.60			16.61	0.03
Swaziland	20.21	23.97	12.36	1.57	9.84	0.18				0.02
Syria	1.28	26.18	10.80	0.05	8.17	0.01			7.14	0.01
Thailand	0.24	16.59	3.67	0.03	0.40	0.99			11.48	0.01
Tokelau	44.41	0.05							0.05	
Tonga	62.65	6.52	0.09		0.21	0.45	5.50		0.09	0.18
Tunisia	12.44	130.38	34.79	2.40	2.15	9.75	69.47		11.76	0.06
Turkmenistan	0.61	3.10	2.60	0.11	0.11	0.10			0.00	0.17
Ukraine	2.40	109.03	21.75	72.11	8.11	6.92				0.14
Wallis & Futuna	400.71	5.44	1.62	3.81		0.01				
Total Lower Middle Income Countries	0.66	2 345.43	1 216.62	327.34	224.76	124.12	186.07		245.03	21.49

Upper Middle Income Countries (UMIC)									
Anguilla	1.32	0.02	0.02						
Antigua & Barbuda	36.32	3.22	2.40	0.82					
Argentina	0.28	11.42	9.15		1.25	0.34	0.04		0.64
Belarus	1.16	11.13	5.90	0.82	1.06	0.13			3.21
Belize	24.31	7.57	2.31	2.58	1.68	0.79			0.21
Botswana	7.55	15.14	13.68		0.02	1.30			0.15
Brazil	0.07	12.84	4.86	0.82	4.43	2.29			0.34
Chile	0.66	11.27	5.01	0.00	4.45	0.70			1.11
Cook Islands	57.72	1.17	0.16						1.01
Costa Rica	0.29	1.36	0.54		0.80				0.02
Dominica	170.02	11.52	1.01	2.22	3.89	0.10	3.90		0.40
Fiji	6.05	5.21	3.58		1.30	0.27			0.05
Gabon	3.64	5.48	1.49	2.20	1.76				0.04
Grenada	24.51	2.56	0.75		0.18		1.63		
Kazakhstan	0.88	14.08	12.05	0.10	1.59	0.26			0.06
Lebanon	9.31	39.34	13.98	1.24	2.82	1.07			20.22
Libya	5.59	35.56	11.07			0.33			24.16
Malaysia	0.04	1.08	0.33	0.44	0.01	0.30			
Mauritius	43.83	56.95	1.03		0.20	0.29	54.45		0.97
Mexico	0.06	7.25	1.49		3.93	1.80			0.03
Montenegro	27.32	17.25	8.48	3.81	2.85	1.33			0.69
Montserrat	269.63	1.60			1.60				0.10
Nauru	7.07	0.07	0.03						0.04
Palau	2.61	0.05		0.01					0.04
Panama	0.16	0.58	0.05		0.05	0.28			0.19
Serbia	23.59	189.46	102.92	38.67	19.67	24.25			2.46
Seychelles	56.85	4.92	1.85		0.00	0.20	2.85		1.48
South Africa	2.85	142.79	116.83	10.33	10.24	4.64			0.02
Suriname	10.37	5.44	0.57	2.37	2.13	0.22			0.75
St. Helena	801.36	3.30	3.30						0.10
St. Kitts-Nevis	237.56	12.45	0.05	0.76			11.48		0.07
St. Lucia	87.10	15.18	12.17	0.03	2.04	0.11			0.16
St. Vincent & Grenadines	87.96	9.62	3.67	0.69	5.00	0.10			0.82
Turkey	4.30	313.07	79.00	12.77	82.27	138.77			0.16
Uruguay	2.28	7.67	3.80	0.08	0.15	3.61			0.09
Venezuela	0.15	4.34	3.17		0.09	0.28			0.17
Total Upper Middle Income Countries	1.61	981.98	423.40	84.06	155.47	183.77	74.35	53.80	7.13
Total LDC + OLIC + LMIC + UMIC	1.22	6 832.97	2 739.97	996.33	560.94	434.05	900.55	12.14	1 140.91
By region									
Europe	9.52	1 437.12	636.19	255.65	167.18	292.21	21.47		4.55
Africa	3.86	3 939.04	1 182.40	729.62	401.07	206.77	701.17	13.09	611.87
America	1.24	720.63	255.45	97.37	134.16	52.96	74.07		1.89
Asia	0.49	1 874.00	1 024.85	48.40	124.47	72.86	130.19		462.47
Oceania	9.29	84.78	41.26	6.68	18.73	3.25	7.11		7.50
Bilateral unallocated	0.16	909.64	191.49	35.81	47.80	70.65	14.39		50.26
Total Region	1.60	8 965.21	3 331.63	1 173.51	893.42	698.70	948.39	13.09	1 241.39

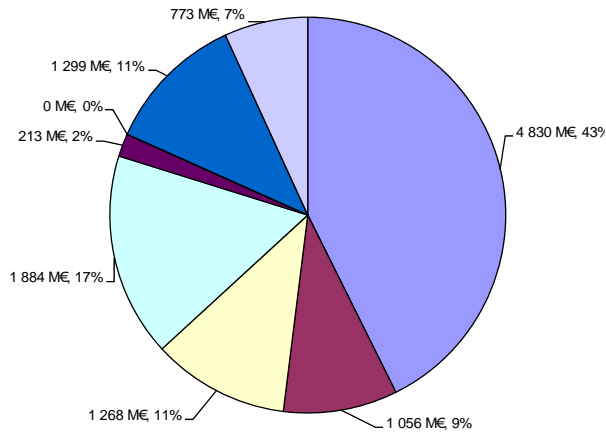
Breakdown by country/region of external aid financed on the general EU budget and the European Development Fund (EDF) in 2011.
Bilateral ODA flows.

(1) Source : World Population Prospects - United Nations Population Division - 2010 revision

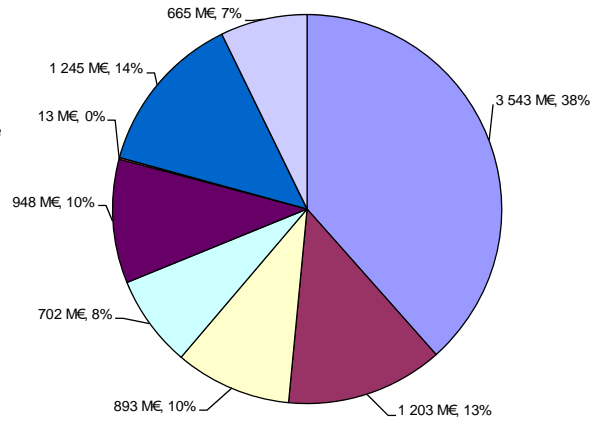
(2) This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence

Table 5.13 Sectoral breakdown of ODA managed by the European Commission in 2011

Commitments in €Million



Disbursements in €Million



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

Table 5.14 Detailed description of ODA by sector in 2011 - Commitments

Commitments in €Million

Sector of Destination	Total	Managed by EuropeAid	Managed by Other DGs
SOCIAL INFRASTRUCTURE AND SERVICES	4 830.00	3 596.60	1 233.40
Education	690.91	512.32	178.59
Education, level unspecified	153.32	145.15	8.17
Basic education	177.40	177.40	
Secondary education	65.23	39.30	25.93
Post-secondary education	294.96	150.47	144.49
Health	244.09	241.34	2.75
Health, general	99.29	96.54	2.75
Basic health	144.80	144.80	
Population policies/programs and reproductive health	123.49	123.49	
Water supply and sanitation	304.17	260.27	43.90
Government and civil society	2 659.97	1 779.72	880.25
Other Social Infrastructure and services	807.37	679.47	127.91
ECONOMIC INFRASTRUCTURE AND SERVICES	1 055.69	862.09	193.60
Transport and storage	666.08	500.26	165.82
Communications	11.89	11.89	
Energy generation and supply	297.45	275.93	21.52
Banking and financial services	3.27		3.27
Business and other services	77.00	74.00	3.00
PRODUCTION SECTORS	1 268.28	1 005.11	263.17
Agriculture, Forestry and Fishing	779.02	567.53	211.49
Agriculture	722.98	511.49	211.49
Forestry	51.21	51.21	
Fishing	4.83	4.83	
Industry, Mining and Construction	128.39	125.89	2.50
Industry	128.39	125.89	2.50
Mineral resources and mining			
Construction			
Trade and Tourism	265.47	216.29	49.18
Trade policy and regulation	351.28	304.69	46.58
Tourism	9.60	7.00	2.60
MULTISECTOR / CROSSCUTTING	1 884.15	1 355.49	528.66
General environmental protection	443.37	287.45	155.92
Other multisector	1 440.78	1 068.04	372.74
COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE	212.96	212.96	
General budget support	204.58	204.58	
Development food aid/food security assistance	8.38	8.38	
Other commodity assistance			
ACTION RELATING TO DEBT			
Action relating to debt			
HUMANITARIAN AID	1 298.81	189.84	1 108.97
Emergency Response	1 174.75	131.84	1 042.90
Reconstruction relief and rehabilitation	86.35	56.90	29.45
Disaster prevention and preparedness	37.72	1.10	36.62
OTHER / UNALLOCATED / UNSPECIFIED	773.49	617.51	155.98
Administrative costs of donors (1)	684.62	555.77	128.85
Refugees in donor countries			
Unallocated/unspecified	88.88	61.74	27.13
GRAND TOTAL	11 323.38	7 839.61	3 483.78

(1) Including € 192 million corresponding to a multiannual programme for administrative cost financing. The corresponding share for the year 2011 is € 67.4 million.
Breakdown by sector of Official Development Assistance (ODA) financed on the general EU budget and the European Development Fund (EDF) in 2011.
Bilateral and multilateral ODA flows.

Table 5.15 Detailed description of ODA by sector in 2011 - Disbursements

Disbursements in € Million

Sector of Destination	Total	Managed by EuropeAid	Managed by Other DGs
SOCIAL INFRASTRUCTURE AND SERVICES	3 542.94	2 642.56	900.38
Education	625.72	421.30	204.42
Education, level unspecified	236.72	221.45	15.27
Basic education	108.70	105.47	3.23
Secondary education	77.31	54.36	22.95
Post-secondary education	202.99	40.02	162.96
Health	490.90	475.43	15.47
Health, general	98.85	86.47	12.38
Basic health	392.05	388.96	3.10
Population polices/programs and reproductive health	97.67	85.95	11.72
Water supply and sanitation	328.78	297.11	31.67
Government and civil society	1 483.87	891.53	592.35
Other Social Infrastructure and services	515.99	471.24	44.75
ECONOMIC INFRASTRUCTURE AND SERVICES	1 203.31	1 083.73	119.58
Transport and storage	689.40	644.29	45.12
Communications	37.53	23.76	13.78
Energy generation and supply	348.95	318.54	30.42
Banking and financial services	39.46	36.26	3.20
Business and other services	87.97	60.90	27.07
PRODUCTION SECTORS	893.42	744.65	148.77
Agriculture, Forestry and Fishing	478.70	363.30	115.39
Agriculture	406.62	294.16	112.45
Forestry	41.92	40.57	1.35
Fishing	30.16	28.56	1.59
Industry, Mining and Construction	240.62	222.19	18.43
Industry	223.07	205.02	18.05
Mineral resources and mining	16.27	15.88	0.39
Construction	1.28	1.28	
Trade and Tourism	122.41	107.47	14.94
Trade policy and regulation	162.50	149.39	13.11
Tourism	11.59	9.76	1.83
MULTISECTOR / CROSSCUTTING	702.15	446.75	255.40
General environmental protection	185.11	163.32	21.79
Other multisector	517.04	283.43	233.61
COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE	948.39	892.87	55.53
General budget support	741.78	686.78	55.00
Development food aid/food security assistance	206.61	206.08	0.53
Other commodity assistance			
ACTION RELATING TO DEBT	13.09	13.09	
Action relating to debt	13.09	13.09	
HUMANITARIAN AID	1 244.69	199.42	1 045.27
Emergency Response	1 037.84	56.72	981.13
Reconstruction relief and rehabilitation	131.12	99.64	31.48
Disaster prevention and preparedness	75.73	43.06	32.67
OTHER / UNALLOCATED / UNSPECIFIED	665.10	513.30	151.80
Administrative costs of donors	555.82	425.46	130.36
Refugees in donor countries			
Unallocated/unspecified	109.27	87.84	21.44
GRAND TOTAL	9 213.08	6 536.36	2 676.72

Breakdown by sector of Official Development Assistance (ODA) financed on the general EU budget and the European Development Fund (EDF) in 2011. Bilateral and multilateral ODA flows.

Table 5.16 EuropeAid in 2011: A closer look. Sectoral breakdown per region

Commitments in €Million

Sector of Destination	ENPI East	ENPI South	ENPI	Asia	Latin America	ACP	Multi Region	Total
SOCIAL INFRASTRUCTURE AND SERVICES	336	696		559	252	1 196	557	3 597
Education	37	57		229	54	103	32	512
Education, level unspecified		23		30	34	26	32	145
Basic education		2		134		41		177
Secondary education		7		7		25		39
Post-secondary education	37	24		58	20	11		150
Health				10		156	76	241
Health, general				10		76	11	97
Basic health						80	65	145
Population policies/programs and reproductive health	5	2		9		40	68	123
Water supply and sanitation	0	22		16	25	194	3	260
Government and civil society	294	239		283	51	540	373	1 780
Other Social Infrastructure and services		376		13	121	164	6	679
ECONOMIC INFRASTRUCTURE AND SERVICES	99	111		45	2	559	46	862
Transport and storage	7	18				476		500
Communications		4		8				12
Energy generation and supply	87	70		11	2	61	46	276
Banking and financial services								
Business and other services	5	20		26		23		74
PRODUCTION SECTORS	0	89		54	39	639	184	1 005
Agriculture, Forestry and Fishing		22		8	15	339	184	568
Agriculture		22		8	15	299	168	511
Forestry						36	16	51
Fishing					0	5		5
Industry, Mining and Construction		35		31	8	52		126
Industry		35		31	8	52		126
Mineral resources and mining								
Construction								
Trade and Tourism	0	32		15	17	247		312
Trade policy and regulation	0	32		15	10	247		305
Tourism					7			7
MULTISECTOR / CROSSCUTTING	101	354	60	184	55	482	121	1 355
General environmental protection	8	13		74	7	89	97	287
Other multisector	93	341	60	111	48	393	24	1 068
COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE						7	206	213
General budget support							205	205
Development food aid/food security assistance						7	2	8
Other commodity assistance								
ACTION RELATING TO DEBT								
Action relating to debt								
HUMANITARIAN AID	19	18		53	0	100		190
Emergency Response		18		53		61		132
Reconstruction relief and rehabilitation	19					38		57
Disaster prevention and preparedness					0	1		1
OTHER / UNALLOCATED / UNSPECIFIED	39	10		0		203	366	618
Administrative costs of donors (1)						203	353	556
Refugees in donor countries								
Unallocated/unspecified	39	10		0			13	62
GRAND TOTAL	592	1 279	60	896	354	3 385	1 273	7 840

(1) Including €192 million corresponding to a multiannual programme for administrative cost financing. The corresponding share for the year 2011 is €67.4 million.

Breakdown by sector and region of external aid financed on the general EU budget managed by EuropeAid and the European Development Fund (EDF).

Bilateral and multilateral ODA flows.

On budget side, region is identified following geographical budget lines and recipient countries for thematic budget lines.

ENPI East : Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine. (Russia excluded)

ENPI South : Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, occupied Palestinian territory, Syria, Tunisia. (Israel excluded)

Asia : Iran, Iraq, Oman, Yemen, Afghanistan, Bangladesh, Bhutan, India, Kazakhstan, Kyrgyz Rep., Maldives, Myanmar (Burma), Nepal, Pakistan, Sri Lanka, Tajikistan, Turkmenistan, Uzbekistan, Cambodia, China, Indonesia, Korea, Dem., Laos, Malaysia, Mongolia, Philippines, Thailand, Timor-Leste, Viet Nam.

Latin America : Costa Rica, Cuba, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela

ACP : South Of Sahara + Oceania + Anguilla, Antigua & Barbuda, Barbados, Belize, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, Montserrat, St.Kitts-Nevis, St.Lucia, St.Vincent & Grenadines, Trinidad & Tobago, West Indies, Regional, Guyana, Suriname. (Turks & Caicos Islands excluded)

Multi region : covering several regions or unspecified location.

Table 5.17 EuropeAid in 2011: A closer look. Sectoral breakdown per region

Disbursements in € Million

Sector of Destination	ENPI East	ENPI South	ENPI	Asia	Latin America	ACP	Multi Region	Total
SOCIAL INFRASTRUCTURE AND SERVICES	158	555	17	505	181	1 074	152	2 643
Education	13	71		145	42	130	20	421
Education, level unspecified	1	49		91	1	61	18	221
Basic education	0	8		36	22	39		105
Secondary education	11	12		14	3	13	2	54
Post-secondary education	1	3		4	16	17		40
Health	15	34		131	5	221	69	475
Health, general	1	31		17	2	33	4	86
Basic health	14	4		114	4	188	65	389
Population policies/programs and reproductive health	3	10		10	2	38	22	86
Water supply and sanitation	13	34	0	19	16	213	1	297
Government and civil society	98	118	16	154	83	390	31	892
Other Social Infrastructure and services	16	287	0	45	32	82	9	471
ECONOMIC INFRASTRUCTURE AND SERVICES	168	106	1	12	34	741	22	1 084
Transport and storage	26	26	0	2	5	584		644
Communications	2	3		0	7	11		24
Energy generation and supply	135	61	0	7	19	74	22	319
Banking and financial services	1	12		2	0	20	0	36
Business and other services	3	3		1	3	51		61
PRODUCTION SECTORS	25	122	0	83	75	417	22	745
Agriculture, Forestry and Fishing	4	20		47	29	242	21	363
Agriculture	4	20		41	18	196	15	294
Forestry	1	0		5	10	18	6	41
Fishing		0		1	0	28		29
Industry, Mining and Construction	16	86		19	37	64	1	222
Industry	13	86		18	37	51	1	205
Mineral resources and mining	3			0	1	12	0	16
Construction							1	1
Trade and Tourism	5	16	0	17	9	111	0	159
Trade policy and regulation	5	16		16	8	105	0	149
Tourism	1	0	0	1	0	7	0	10
MULTISECTOR / CROSSCUTTING	26	27	18	57	42	207	69	447
General environmental protection	6	12	0	10	10	69	57	163
Other multisector	20	16	17	47	32	138	13	283
COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE	9	85		84	29	672	15	893
General budget support	8	82		21	10	565		687
Development food aid/food security assistance	1	3		62	18	107	15	206
Other commodity assistance								
ACTION RELATING TO DEBT							13	13
Action relating to debt							13	13
HUMANITARIAN AID	30	12		47	3	106	0	199
Emergency Response	0	7		3	1	45		57
Reconstruction relief and rehabilitation	30	4		41	0	24		100
Disaster prevention and preparedness		1		3	3	36	0	43
OTHER / UNALLOCATED / UNSPECIFIED	33	1	11	4	1	102	361	513
Administrative costs of donors							80	425
Refugees in donor countries								
Unallocated/unspecified	33	1	11	4	1	22	15	88
GRAND TOTAL	450	909	46	793	365	3 331	642	6 536

Breakdown by sector and region of external aid financed on the general EU budget managed by EuropeAid and the European Development Fund (EDF).

Bilateral and multilateral ODA flows.

On budget side, region is identified following geographical budget lines and recipient countries for thematic budget lines.

ENPI East : Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine. (Russia excluded)

ENPI South : Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, occupied Palestinian territory, Syria, Tunisia. (Israel excluded)

Asia : Iran, Iraq, Oman, Yemen, Afghanistan, Bangladesh, Bhutan, India, Kazakhstan, Kyrgyz Rep., Maldives, Myanmar (Burma), Nepal, Pakistan, Sri Lanka, Tajikistan, Turkmenistan, Uzbekistan, Cambodia, China, Indonesia, Korea, Dem., Laos, Malaysia, Mongolia, Philippines, Thailand, Timor-Leste, Viet Nam.

Latin America : Costa Rica, Cuba, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela

ACP : South Of Sahara + Oceania + Anguilla, Antigua & Barbuda, Barbados, Belize, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, Montserrat, St. Kitts-Nevis, St. Lucia, St. Vincent & Grenadines, Trinidad & Tobago, West Indies, Regional, Guyana, Suriname. (Turks & Caicos Islands excluded)

Multi region : covering several regions or unspecified location.

Table 5.18 External aid in 2011: A closer look. Sectoral breakdown per instrument

Commitments in €million													
Sector of Destination	ENPI	EDF	DCI - Geo (2)	DCI - Thema (3)	Food Facility (4)	EIDHR	IFS	NSI	CFSP (5)	IPA	Echo	Other	Total
SOCIAL INFRASTRUCTURE AND SERVICES	1 088	1 166	842	438		158	170		284	601		81	4 830.00
Education	160	92	311	33						20		75	690.91
Education, level unspecified	23	25	64	33						8			153.32
Basic education	2	41	134										177.40
Secondary education	7	25	7								4	22	65.23
Post-secondary education	127	1	106								7	53	294.96
Health		153	10	78							3		244.09
Health, general		76	10	11							3		99.29
Basic health		77		68									144.80
Population policies/programs and reproductive health		35	9	79									123.49
Water supply and sanitation	22	187	41	8						44		3	304.17
Government and civil society	530	535	336	235		158	170		284	407		4	2 659.97
Other Social Infrastructure and services	376	164	134	6						128			807.37
ECONOMIC INFRASTRUCTURE AND SERVICES	190	559	34	4			9	75		185			1 055.69
Transport and storage	25	476					9			157			666.08
Communications	4		8										11.89
Energy generation and supply	137	61		4				75		22			297.45
Banking and financial services										3			3.27
Business and other services	25	23	26							3			77.00
PRODUCTION SECTORS	89	397	79	439						260		4	1 268.28
Agriculture, Forestry and Fishing	22	148	9	389						211		0	779.02
Agriculture	22	144	9	337						211		0	722.98
Forestry				51									51.21
Fishing		4		1									4.83
Industry, Mining and Construction	35	33	39	19						3			128.39
Industry	35	33	39	19						3			128.39
Mineral resources and mining													-
Construction													-
Trade and Tourism	32	216	32	31						46		4	360.88
Trade policy and regulation	32	216	25	31						43		3	351.28
Tourism			7							2		0	9.60
MULTISECTOR / CROSSCUTTING	514	394	275	149						527		26	1 884.15
General environmental protection	21	51	67	149						154		2	443.37
Other multisector	494	343	208							373		24	1 440.78
COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE		74	82	56	2								212.96
General budget support		74	76	56									204.58
Development food aid/food security assistance			7		2								8.38
Other commodity assistance													-
ACTION RELATING TO DEBT													-
Action relating to debt													-
HUMANITARIAN AID	37	95	53	5		26				6	1 077		1 298.81
Emergency Response	18	56	53	5							1 043		1 174.75
Reconstruction relief and rehabilitation	19	38				26				4			86.35
Disaster prevention and preparedness		1		0						2	34		37.72
OTHER / UNALLOCATED / UNSPECIFIED	57	202	57	77	0	10	32	1		44	8	284	773.49
Administrative costs of donors (1)	43	202	57	44	0	10	7	1		43	8	268	684.62
Refugees in donor countries													-
Unallocated/unspecified	14		0	34			25			1		16	88.88
GRAND TOTAL	1 976	2 887	1 423	1 168	2	169	237	76	284	1 622	1 086	394	11 323.38

(1) Including € 192 millions corresponding to a multiannual programme for administrative cost financing. The corresponding share for the year 2011 is € 67.4 millions. Column "Other" includes expenditure concerning other instruments.

Breakdown by sector and region of external aid financed on the general EU budget and the European Development Fund (EDF).
Bilateral and multilateral ODA flows.

(2) DCI - Geo : Asia, Latin America, South Africa

(3) DCI - Thema : Migration, Food security, Non-state actors, Environment, Human & social development, ACP sugar programmes

(4) Food Facility : facility for rapid response to soaring food prices in developing countries, pilot project — Finance for agricultural production

(5) CFSP is financed on the general EU budget managed by DG FPI

Table 5.19 External aid in 2011: A closer look. Sectoral breakdown per instrument

Disbursements in € Million

Sector of Destination	ENPI	EDF	DCI - Geo (2)	DCI - Thema (3)	Food Facility (4)	EIDHR	IFS	NSI	CFSP (5)	IPA	ECHO	Other	Total
SOCIAL INFRASTRUCTURE AND SERVICES	729	832	709	352	1	118	92		262	365		84	3 543
Education	130	93	244	41		0	1			46		70	626
Education, level unspecified	50	59	91	20		0	1			14		1	237
Basic education	7	11	76	10		0				3		0	109
Secondary education	22	8	14	11						3		20	77
Post-secondary education	51	15	62	0						26		49	203
Health	48	157	145	122	1		1			15		1	491
Health, general	31	27	16	12						12		1	99
Basic health	17	131	129	111	1		1			2			392
Population polices/programs and reproductive health	7	18	5	56		0				12			98
Water supply and sanitation	47	208	29	12						32		1	329
Government and civil society	197	316	190	86		117	90		262	217		8	1 484
Other Social Infrastructure and services	300	40	96	33	0	0	0			43		3	516
ECONOMIC INFRASTRUCTURE AND SERVICES	224	719	52	32		0	0	56		119		1	1 203
Transport and storage	52	579	7	5						45		1	689
Communications	5	10	7	1		0	0			14		0	38
Energy generation and supply	146	70	22	24				56		30		0	349
Banking and financial services	13	20	3	1				0		3		0	39
Business and other services	6	40	13	1						27			88
PRODUCTION SECTORS	144	263	139	162	17	0	0			146		22	893
Agriculture, Forestry and Fishing	22	125	48	137	17	0	0			115		15	479
Agriculture	22	90	40	111	17	0	0			112		15	407
Forestry	0	9	8	24						1		0	42
Fishing	0	26	0	2						2			30
Industry, Mining and Construction	101	31	65	24						18		1	241
Industry	98	18	64	24						18		1	223
Mineral resources and mining	3	12	1	0						0			16
Construction		1											1
Trade and Tourism	21	107	26	2						12		6	174
Trade policy and regulation	20	104	24	1						10		3	163
Tourism	1	3	1	1						2		3	12
MULTISECTOR / CROSSCUTTING	66	172	85	112		0	0			253		15	702
General environmental protection	14	54	16	79		0				19		2	185
Other multisector	51	118	69	32		0	0			234		13	517
COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE	90	520	40	150	93					1		55	948
General budget support	90	510	28	49	9							55	742
Development food aid/food security assistance	0	9	12	101	84					1			207
Other commodity assistance													
ACTION RELATING TO DEBT		13											13
Action relating to debt		13											13
HUMANITARIAN AID	41	102	48	8			34			4	1 007		1 245
Emergency Response	6	42	4	5			6			0	975		1 038
Reconstruction relief and rehabilitation	34	24	41	0			28			3			131
Disaster prevention and preparedness	1	36	3	3			0			0	32		76
OTHER / UNALLOCATED / UNSPECIFIED	58	96	62	74	3	9	7	1	0	62	7	286	665
Administrative costs of donors (1)	43	79	57	39	3	9	6	1	0	43	7	269	556
Refugees in donor countries													
Unallocated/unspecified	16	17	4	35		0	1	0		19		17	109
GRAND TOTAL	1 352	2 717	1 134	890	115	127	134	57	262	949	1 014	463	9 213

(1) Including €192 million corresponding to a multiannual programme for administrative cost financing. The corresponding share for the year 2011 is €67.4 million. Column "Other" includes Breakdown by sector and region of external aid financed on the general EU budget and the European Development Fund (EDF). Bilateral and multilateral ODA flows.

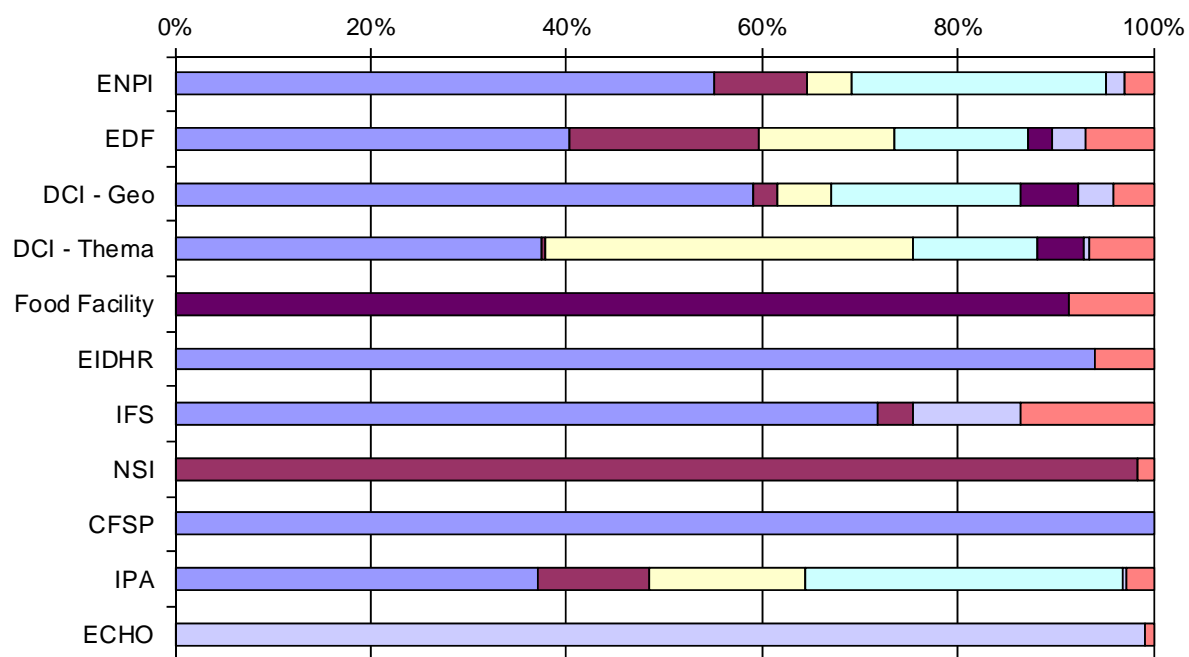
(2) DCI - Geo : Asia, Latin America, South Africa

(3) DCI - Thema : Migration, Food security, Non-state actors, Environment, Human & social development, ACP sugar programmes

(4) Food Facility : facility for rapid response to soaring food prices in developing countries, pilot project — Finance for agricultural production

(5) CFSP is financed on the general EU budget managed by DG FPI

Table 5.20 External aid in 2011: A closer look. Sectoral breakdown per instrument



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

Commitments %

Table 5.21 Budget Support 2011 : breakdown by instrument

Commitments in €million

	General Budget Support	Sector Budget Support	Total Budget Support	Total ODA	Budget Support / Total ODA
European Neighbourhood and Partnership Instrument (ENPI)	-	513	513	1 976	26%
Development Cooperation Instrument - Geographic (1)	76	383	458	1 423	32%
Development Cooperation Instrument -Thematic (2)	56	67	123	1 168	11%
European Development Fund (EDF)	74	84	158	2 887	5%
Grand Total	205	1 047	1 252	7 454	17%

(1) DCI - Geographic : Asia, Latin America, South Africa

(2) DCI - Thematic : Migration, Food security, Non-state actors, Environment, Human & social development, ACP sugar programmes