EFFECTIVE DEVELOPMENT COOPERATION

Has the European Union delivered?

FOREWORD

We have all worked together to define ambitious new Sustainable Development Goals. In order to achieve them, we will need to make the best use of all the resources we have available, and work in partnership with others to make it happen. Resources are stretched, and the challenges remain significant. If we are truly to end poverty, protect the planet, and ensure peace and prosperity for all, we need to be as effective as possible in the way we operate on the ground, and the way we work with others.

The European Union is collectively the biggest donor in the world. But quantity needs to go hand in hand with quality – we have made commitments in Paris, Busan and other milestone events about how we will improve the quality of our development cooperation so we are also the best donor in the world. We are determined to be transparent, accountable, results-focused, country-led and inclusive in the way we work. This isn't always easy, but we are making progress, and together with EU Member States will deliver on this vision.

Neven Mimica
Commissioner for International Cooperation and Development

CONTENTS

INTRODUCTION

This Brochure presents highlights of progress made by the European Union (EU) and its Member States (MS) against the priority commitment areas set out at the Fourth High Level Forum on Aid Effectiveness in Busan, Korea (2011).

Six areas are in focus:
1. Transparency and Predictability
2. Focus on Development Results
3. EU Joint Programming
4. Country Ownership of Development Priorities
5. Inclusive Partnerships
6. Countries in Fragile and Conflict Situations.
Each of these areas is also presented in a separate case study.

The findings are based on the study: “The Busan Commitments: EU Progress and Performance, a Comprehensive Report” (2016) together with the 2016 monitoring exercise of the Global Partnership for Effective Development Cooperation.

The report is available at http://ec.europa.eu/europeaid/policies/eu-approachaid-effectiveness_en.

1. TRANSPARENCY AND PREDICTABILITY

The EU and its Member States are committed "to implement a common, open standard for electronic publication of timely, comprehensive and forward-looking information on resources provided through development cooperation. This commitment should be implemented in full by December 2015". In early 2012, the OECD and the International Aid Transparency Initiative (IATI) developed a common standard as a framework for publishing aid information.

The **EU** is a strong advocate of aid transparency with many of its MS demonstrating significant political will and ambition to make their aid more transparent.

HIGHLIGHTS

The number of EU MS publishing to the IATI standard has been steadily increasing. Currently, 12 EU MS are already publishing aid information to IATI: Belgium, Denmark, Finland, France, Germany, Ireland, Lithuania, Netherlands, Romania, Spain, Sweden and UK, as well as the European Commission (the Commission), the European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD). Other EU MS have confirmed plans to publish their aid information to the IATI standard in 2016 and beyond, e.g. Italy, Slovakia, and Portugal.

All EU MS report their aid data to the OECD/DAC Creditor Reporting System (CRS) and Forward Spending Survey (FSS), including the EU non-DAC donors.

The Global Partnership also monitors progress on the implementation of the transparency commitments. The GPEDC Transparency Indicator assesses the extent to which development partners are making information on development co-operation publicly accessible and in line with the Busan transparency requirements. These requirements are covered by the three main systems of the common open standard, namely the OECD/DAC CRS and FSS, and the IATI.

In general terms, the three assessments show that in terms of transparency, the Commission and eight EU MS have achieved 'excellent' scores in at least one of the three assessments and 14 achieved 'good' scores in one or several of them. The Commission, and two EU MS: Belgium and Sweden, have scored 'excellent' or 'good' in all three assessments.

PERFORMANCE OF EU AND EU MS IN THE GPEDC TRANSPARENCY INDICATOR

	EXCELLENT	GOOD
OECD CREDITOR REPORTING SYSTEM	18%	45%
OECD FORWARD SPENDING SURVEY PLANS	35%	50%
INTERNATIONAL AID TRANSPARENCY INITIATIVE	13%	33%

An increasing number of EU civil society organisations (CSOs) and private companies now publish data to IATI, making development aid flows easier to trace across the development chain. In addition, the UK and the Netherlands have introduced requirements for CSOs and private companies involved in implementation of their projects to publish their progress reports to the IATI standard. Belgium will introduce the requirement in 2017.

Now that considerable progress has been made in terms of making the data available, the focus is moving towards the usability of the published data. The Commission and EU MS have been supporting partner countries to embed this data in their aid management systems to inform future country strategic programming, and to use of data for effective decision making and planning. The Commission, Belgium, France, and others are **funding projects to link IATI data automatically with local aid management systems** in Bangladesh, Democratic Republic of Congo, Honduras, Myanmar, Nepal, Colombia, Rwanda, Burkina Faso, Chad, Cote d'Ivoire, Kosovo, Madagascar, Moldova, Malawi and Senegal.

TRANSPARENCY PORTALS

The Commission and many EU MS have put transparency portals in place, showcasing their work and displaying project information using data from different sources (e.g. the European Commission's EU Aid Explorer (https://euaidexplorer.ec.europa.eu/), Belgium's ODA.be, Denmark's OpenAid.dk, France's afd.opendatasoft.com, Italy's openaid.esteri.it, Sweden's OpenAid.se, the Netherland's Openaid.nl and beta website nlaid.org, and UK's Development Tracker (devtracker.dfid.gov.uk). Others are making use of their development cooperation websites to publish data about their projects.

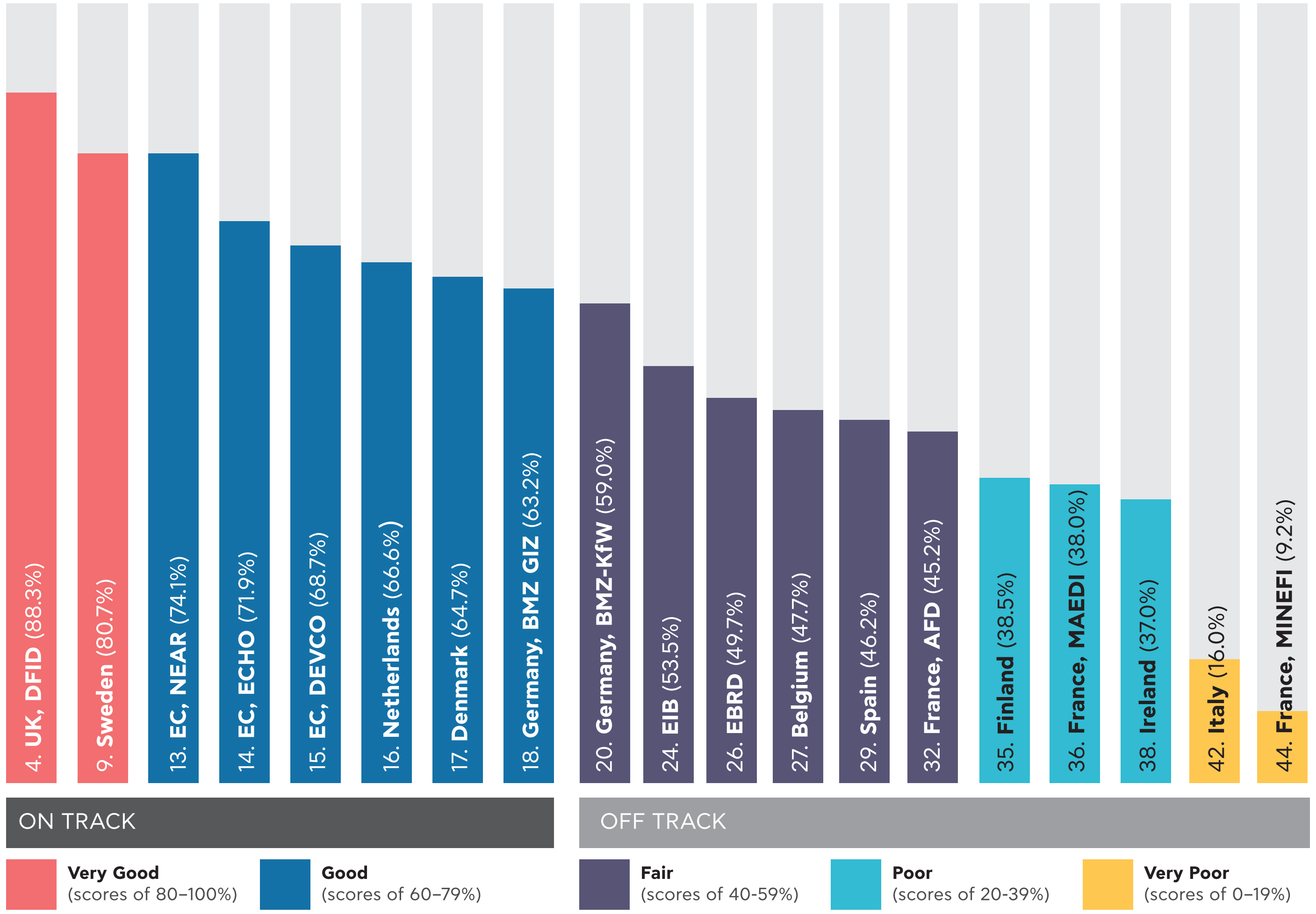
RoAid openaidNL OPENAID ITALIA

1. TRANSPARENCY AND PREDICTABILITY

RANKING OF THE EU INSTITUTIONS AND THE EU MEMBER STATES IN 2016 AID TRANSPARENCY INDEX (ATI)

Two EU MS, the UK and Sweden, have met the common standard in full, according to the Publish What You Fund (PWYF) 2016 Aid Transparency Index, whereas most EU MS have made progress towards implementing the commitment and achieved significant improvements. Denmark, Germany, the Netherlands, and the Commission have partially met the Busan commitment, and are considered 'Good' in terms of aid transparency.

Belgium has made the most considerable improvement amongst the EU MS and has strongly advanced in the 2016 Aid Transparency Index, by moving up by 2 categories. This shows strong political will, resulting in considerable progress. Also, two financial institutions, the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) as well as France, have made progress and moved up by one category -although still under 'fair', they have made considerable improvements in the information they publish to IATI.



Source: 2016 Aid Transparency Index (ATI) by Publish What You Fund (PWYF)

Slower progress is reported in improving the predictability of aid. The progress achieved in implementing aid predictability is measured by the Global Partnership's Monitoring Framework. In this framework, the Commission and Luxembourg are in a leading position, with an average of 85% of medium-term forward spending plans provided to their partner countries. They have significantly improved the predictability of their aid, and have almost met the 2015 target. The Netherlands is also following with 73%, however it is still far from meeting the target. Other EU MS have provided over 60% of forward-looking medium-term plans to their partner countries: Sweden (69%), Czech Republic, Denmark, and Romania (each 67%), Germany (62%), Italy (61%) and Belgium (60%).

NEXT STEPS TOWARDS INCREASED TRANSPARENCY

Increase the volume, quality and frequency of accessible, timely, comparable and comprehensive information that is published to the IATI standard. Publish more information on forward spending as a necessary step towards better planning of resources in partner countries.

Increase use of available published data. Continue to support a growing number of developing countries to be able to use data, contributing to an improved alignment of aid information with the national budget.

Publish results data. The European Commission and the EU MS, in particular the UK and the Netherlands, are also going one step further, and are now working towards publishing the results of their programmes.

Make humanitarian aid transparency a reality. In times of crisis, transparent, timely and accessible data on humanitarian assistance is essential to help manage the response. The Dutch NGO Cordaid is exploring how using IATI data can lead to better data-driven decision-making and programmatic transparency and accountability in the humanitarian sector.

WHAT IS IATI?

The **'International Aid Transparency Initiative' (IATI)** is a global voluntary initiative which enables donors, partner countries, CSOs, private sector and other organisations to publish development funding data in a standardised comparable open data format. It aims to increase the transparency of how development money is spent, what results are achieved on the ground and provide, where possible, forward-looking information, enabling developing country governments to plan and budget more clearly and comprehensively. IATI helps international donors coordinate and make sure that development funds are targeted where the needs are. In addition, scrutiny of IATI data can also hold donors and governments accountable for the use of public funds and results achieved. While partner countries can better programme and plan their budgets, based on accurate and up-to-date information on aid flows to their country. At the heart of IATI lies the 'IATI Standard', the format and framework for publishing data on development funds.

Since 2011, the NGO Publish What You Fund (PWYF) has been publishing the Aid Transparency Index assessing all raw data on development aid flows published to IATI. The assessment is based on IATI standard: 39 indicators that measure the transparency commitment and publication of aid information.

Since the establishment of the Global Partnership for Effective Development Co-operation in Busan in 2011, there have been two rounds of monitoring. The global monitoring generates evidence regarding progress in making development co-operation more effective. It offers monitoring progress on the implementation of agreed development effectiveness principles and related commitments and aims to build political momentum for change.

2. FOCUSING ON DEVELOPMENT RESULTS

The Commission and EU MS have actively enhanced their focus on development results and the use of country-level **results frameworks in their programming, implementation,** follow up and evaluation.

HIGHLIGHTS

Overall, considerable progress is being made by EU MS in setting up country-level results frameworks and platforms and mutual accountability arrangements. Furthermore, this process is becoming progressively more inclusive through involving non-state actors such as the private sector and civil society, notably in country priority settings.

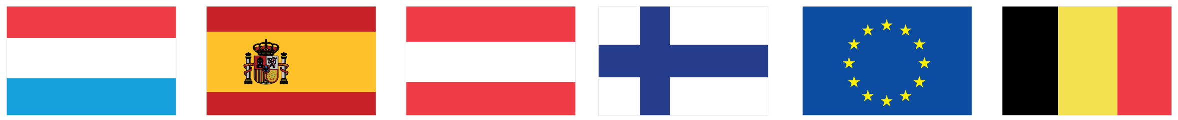
More specifically, all EU MS use the Partner Country Results Frameworks or similar planning documents to design new programmes and projects in their priority countries. The average use within the Commission and MS group is in 54% of their new programmes, with Luxembourg, Spain and Austria scoring well above 80% (96%, 92% and 81% respectively) followed by Finland (75%), Belgium and the Commission with 74%. In addition, most EU MS that are engaged in Joint Programming processes have gone one step further still, through participating in the development of common results frameworks in the context of Joint Strategies. These common results frameworks help facilitate common reporting, transparency and accountability of development funding by bringing development partners together around a single joint set of results and indicators.

Most of EU MS and the Commission now rely on Government sources and Monitoring and Evaluation systems to track project progress. The Commision and eight EU MS use countries' monitoring and evaluation systems for over 50% of their programmes (Austria, Belgium, Germany, Ireland, Luxembourg, The Netherlands, Portugal and Spain). Out of them, Luxembourg and Portugal use these systems for over 90% of their programmes, while Spain for over 80%. **Many EU MS** are making data and results information more readily available online (e.g. Belgium, Denmark, France, and the UK).

DESIGN AND MONITORING

DESIGN The Commission performs well above average on use of results frameworks (74% vs. average of 62%). Luxembourg and Spain perform exceptionally well on use of indicators from country-led results frameworks to design new projects and programmes.

FRONT RUNNERS



96%	92%	81%	75%	74%	74%
LUXEMBOURG	SPAIN	AUSTRIA	FINLAND	COMMISSION	BELGIUM

MONITORING The Commission and 8 MS use countries' M&E systems in over 50% of their programmes

92%	92%	80%	70%	68%	63%	60%	51%	50%
PORTUGAL	LUXEMBOURG	SPAIN	AUSTRIA	BELGIUM	COMMISSION	NETHERLANDS	GERMANY	ITALY

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At the EU level, **the Commission has played a leading role** in supporting partner countries' results framework. Based on the EU International Cooperation and Development Results Framework, the European Commission published its **First Report on Selected Results in July 2016.** This is the first of a series of comprehensive annual reports on selected results from projects and programmes financed by the Commission, and is a significant step forward in terms of transparency and focus on results.

The 2030 Agenda for Sustainable Development sets a new dimension to the Results' commitment whereby the **Commission and EU MS commit to** "incorporating SDG indicators into their own reporting frameworks and to progressively adapt their reporting systems to be consistent with the 2030 Agenda's targets and indicators and to support their use by partner countries". **In the light of the 2030 Agenda, the Commission and EU MS consider the strengthening of statistical capacities as increasingly important** and are supporting partner countries' statistical capacities for monitoring progress and evaluating impact.

Over the reporting period, partner countries' statistical capacity has been built through various actions: technical assistance in the framework of budget support, capacity building programmes, statistical cooperation projects, cooperation between EU MS national statistics offices and partner country statistics offices. Furthermore, the promotion of collection, analysis and use of data for evidence-based planning, budgeting and monitoring are **part of many programmes supporting various ministries in different sectors.**

In addition, the Commission and some EU MS (Denmark, Finland, France, Germany and Sweden) participate in the Global Partnership Initiative (GPI) on 'Results and Mutual Accountability', co-chaired by Switzerland and Bangladesh. One of the recent initiatives by this GPI is the **Pilot Programme on Enhancing the Use of Country Results Frameworks.** This two-year programme takes place in selected countries across three regions: Africa, Asia and Latin America. The pilot programme aims to provide practical recommendations on how to improve the use of partner country results frameworks, and practical recommendations on how to integrate accountability for results at country level into the 2030 Agenda.

3. JOINT PROGRAMMING

Joint Programming is a key priority for the EU as a tool to help it meet its development effectiveness commitments with respect to managing the diversity of aid and reducing fragmentation but also with respect to focusing on development results and ownership.

HIGHLIGHTS

"[T]he Union's development cooperation policy and that of the Member States [should] complement and reinforce each other" (Article 208 of the Lisbon Treaty).

"…to promote the complementarity and efficiency of their action, the Union and the Member States shall coordinate their policies on development cooperation and shall consult each other on their aid programmes…. They may undertake joint action. Member States shall contribute if necessary to the implementation of Union aid programmes. 2. The Commission may take any useful initiative to promote the coordination" (Article 210 of the Lisbon Treaty).

It is in this spirit that the EU and its MS work together to deliver a strategic response to development challenges on the ground and around the world. Joint Programming is key for enabling the EU and its MS meet development effectiveness commitments ttaken in Busan and at EU level. Joint Programming is a voluntary process which brings together European development partners to respond more effectively to development challenges.

EU Joint Programming aims at making development cooperation more effective by delivering technical and financial assistance. This mechanism also contributes to improved policy dialogue and predictability and raises the visibility of the EU's external assistance. Finally, Joint Programming aims at ensuring that Partner Countries and other local stakeholders are on board as part of good practices of increasing country ownership. Joint Programming is open to other like-minded development partners wherever feasible.

Programming together means providing a joint response aligned to the Partner Country's development plan, with a clear 'Division of Labour' (which maps how responsibilities are shared between European development partners). Joint Programming can reduce aid fragmentation, increase aid predictability and transparency, lower transaction costs and enhance the impact of results and the visibility of the EU joint work. An independent evaluation (2016) observed that improved coordination and coherence have contributed to improved complementarities and synergies between EU donors, which are important for development effectiveness.

Recently, there has been significant progress in Joint Programming. In the past two years only, we have begun feasibility and scoping exercises or reassessed the situation in 13 Partner Countries; 16 have developed roadmaps; 10 have elaborated a joint analysis. Overall, since 2011, development partners in about 20 countries have adopted a joint strategy (meaning joint analysis with a joint response) of which 3 are expected to be approved in 2016-2017.

More specifically, a major step anticipated of the process is the reduction of transaction costs implicit in the drafting of parallel country strategies by the development partners. For this reason, it is expected that EU programming documents such as Multi-Annual Indicative Programmes, National Indicative Programmes and Single Support Frameworks will be progressively replaced by Joint Strategies, wherever possible, as is the case already in Laos (cf. case study enclosed). EU MS are beginning to consider using the Joint Strategies to replace fully or partially their country strategy.

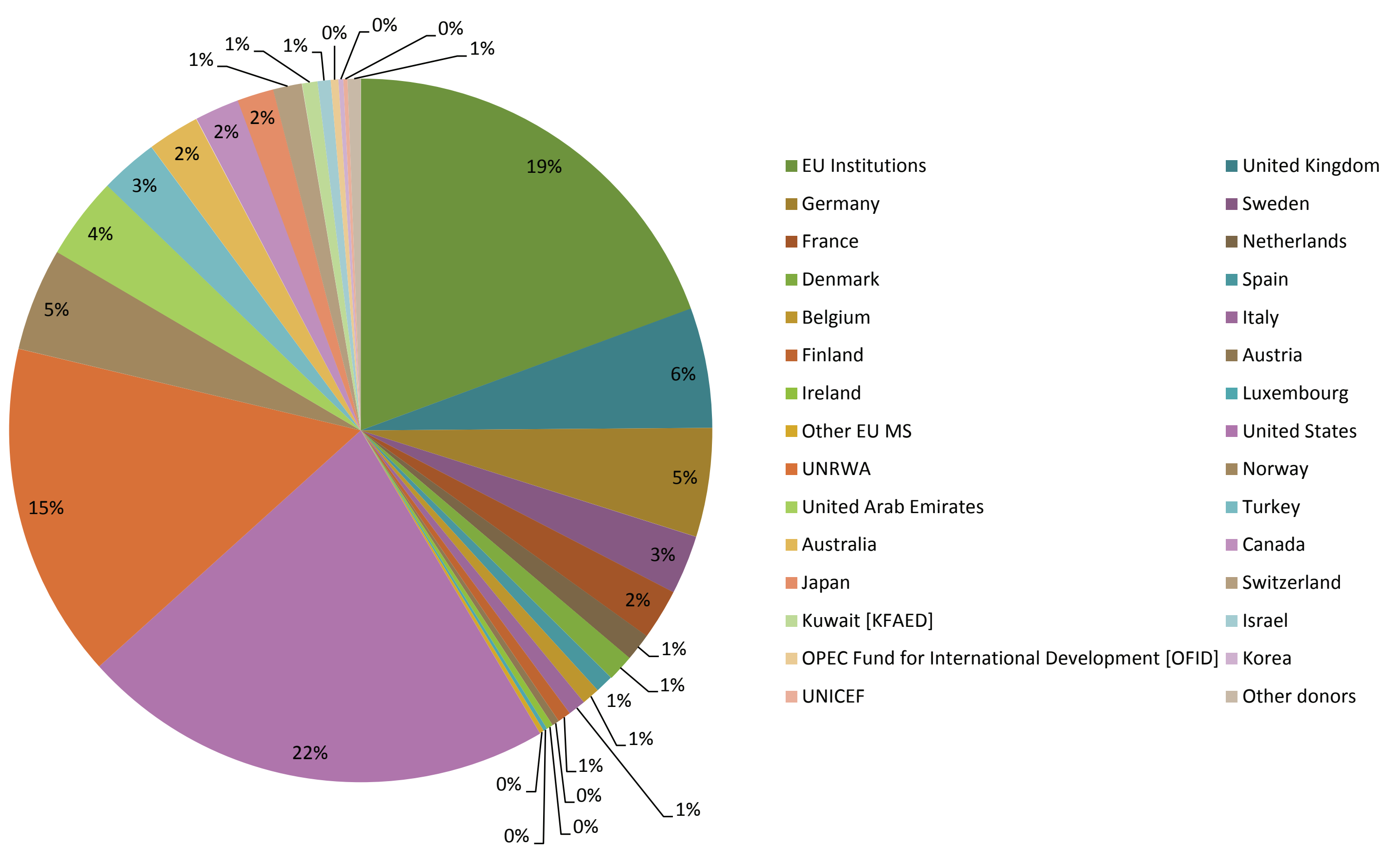
In addition, Joint Programming also contributes towards the "Focus on Results" commitment by encouraging the use of joint country results frameworks for monitoring and evaluation of their contribution to development results. Joint results frameworks are developed within the overall framework of the SDGs, in alignment with national objectives and indicators and in coordination with EU development partners' bilateral strategies. As such, they present a framework in which EU donors can maximise impact at Partner Country level.

However, a number of challenges remain with Joint Programming and one of the key lessons learned over the past two years has been that, for Joint Programming to add value, it must remain voluntary, flexible, inclusive and country-specific.

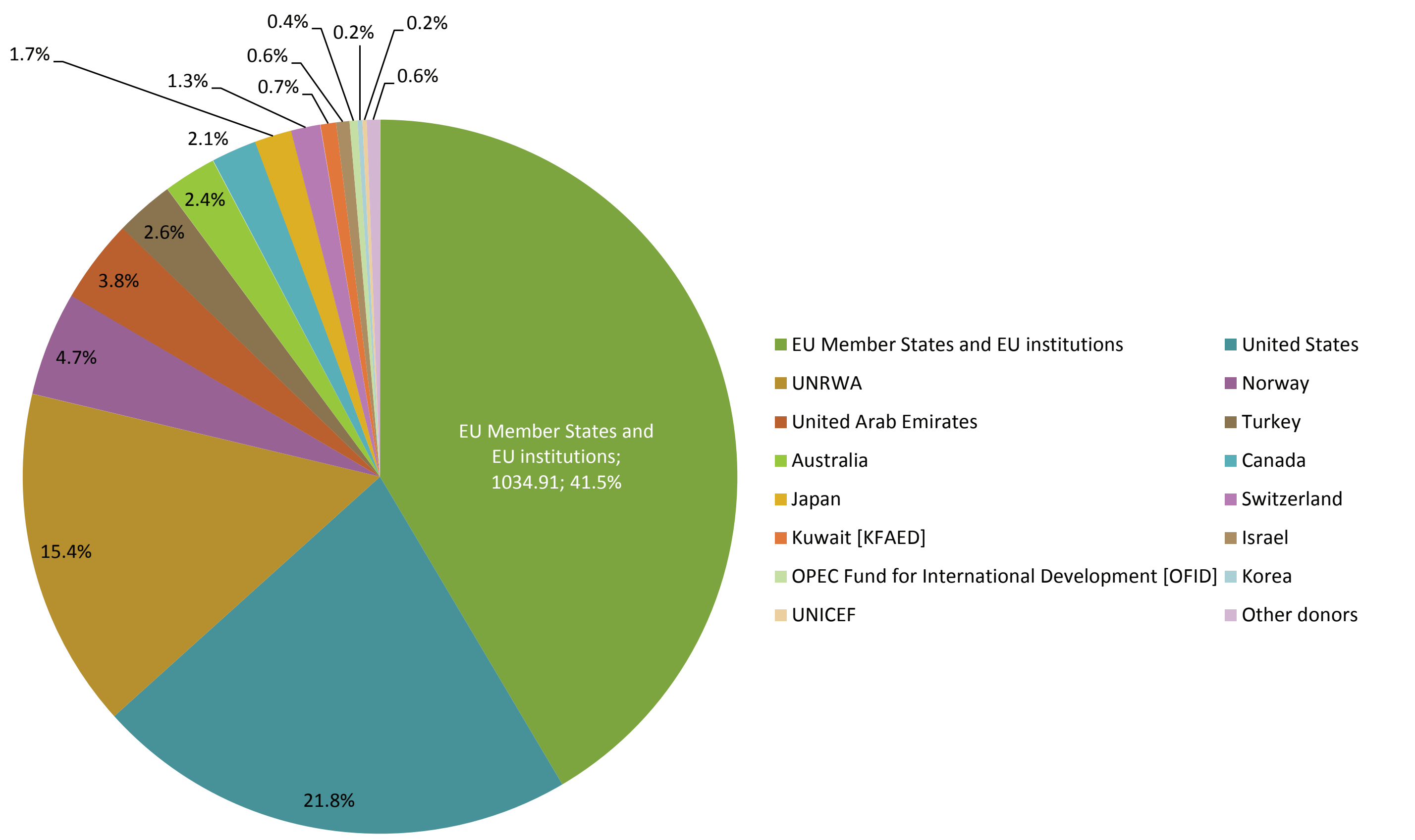
The EU Common Position for the 2011 Busan Forum made a specific commitment towards Joint Programming. A year later, the EU Agenda for Change stressed that fragmentation and proliferation of aid were still widespread and called upon the EU to take a stronger leadership and to put forward specific proposals, in particular Joint Programming. In 2016, the Council has renewed the political support stressing that the European Union and its Member States need to join forces and develop a strategic and coordinated response to key challenges such as migration and climate change, in line with the new Global Strategy on Foreign and Security Policy. Joint Programming will feature in the EU toolbox for the 2030 Agenda in the new European Consensus for Development.

TOTAL OFFICIAL DEVELOPMENT ASSISTANCE TO PALESTINE IN 2014, (OECD-DAC DATASET)

PALESTINE - BEFORE JOINT PROGRAMMING



PALESTINE WITH JOINT PROGRAMMING



For more information, visit: http://capacity4dev.ec.europa.eu/joint-programming/

4. COUNTRY OWNERSHIP OF DEVELOPMENT PRIORITIES

The Commission and the EU MS see partner country ownership as fundamental to achieve sustainable development results and recognise that strengthening partner countries' own institutions, systems and capacity is crucial.

USE OF COUNTRY SYSTEMS

Using Country Systems requires that development cooperation funds are channelled through some or all of the components in a partner country's national systems, respect the same laws, rules, procedures and formats and be managed by the same institutions.

The EU and its MS are committed to using country systems as a fundamental objective to achieve sustainable development results, as highlighted in the **EU Common Position for the Busan High Level Forum on Aid Effectiveness** in 2011. However, despite their engagement to the commitment, **overall progress in the use of country systems has remained slow.**

Use of country systems was one of the first commitments placed at the heart of the 2005 Paris Declaration on Aid Effectiveness and was further reinforced at the **2011 Busan Forum** where the EU and its MS agreed that "The use and strengthening of developing countries' country systems remains central to the efforts to build effective institutions". They committed to "Use country systems as the default approach for development cooperation…".

Five EU Member States, namely Belgium, Denmark, Italy, Lithuania and Luxembourg, have made progress in increasing the level of use of country systems in the partner countries, as compared to the 2010 baseline monitoring data of Global Partnership Monitoring Framework. Denmark is leading amongst the EU MS by channelling almost 90% of its bilateral aid through country systems, followed by France and the UK (with respectively 67% and 65%). Seven EU MS (Belgium Denmark, France, Ireland, Italy, Sweden, and the UK) are performing better than the global average of 50.1%.

The Commission has been providing budget support wherever possible. Budget support, by its very definition, makes use of country systems and develops partner governments' capacities and systems. By the end of 2014, 233 budget support programmes were being implemented in 84 countries for a total amount of EUR 11.18 billion. While by the end of 2015, the EU had ongoing budget support commitments of EUR 12.80 billion through 265 operations in 90 countries.

The EU and its MS continue to promote the use of partner country systems throughout the budget cycle where their quality allows, including the use of country systems at local and provincial level. They are adopting innovative and flexible tools as additional mechanisms to using country systems. 'New' innovative instruments that can contribute to use of country systems are currently being explored, such as:

- Luxembourg Development Cooperation Agency is piloting 'budgeted aid' modality in Senegal. This allows the Agency to follow national procedures and record their contribution in the national budget, while remaining totally traceable throughout the process.
- Programme/payment for results – funding flows through country systems and is disbursed once the agreed results have been achieved (the UK).
- Results-based approach – can promote an increased focus on results and provide more freedom for the partner in choosing the activities and methods needed to reach the results in comparison with traditional input-based aid (Sweden).
- Programme-based approaches in the form of 'basket funds' (sector programme support).
- Multi-donor approaches – allow joint dialogue, assessments and promote cooperation with development partners using the country systems.
- Multi-donor trust funds – have proven to be an effective means to scale up support nationwide and to strengthen government systems and institutions.
- New budget support instruments for fragile states – adapting some of the requirements for budget support in the interests of restoring public services and building institutions.

EU BUDGET SUPPORT

BY THE END OF 2014

233 budget support programmes

84 countries implemented

€11.18 billion total budget

BY THE END OF 2015

265 budget support programmes

90 countries implemented

€12.80 billion total budget

4. COUNTRY OWNERSHIP OF DEVELOPMENT PRIORITIES

STRENGTHENING COUNTRY SYSTEMS

The use of modalities that involves the full use of national Public Finance Management (PFM) systems requires previous reinforcement of partner countries institutions and systems. There is significant progress towards promotion of PFM systems. The Commission and the EU MS are committing large amounts of aid for improving PFM and public procurement systems in developing countries.

The Commission provides an average of EUR 140 million annually to support public finance systems in developing countries. It consists of support to partner countries' capacity building in public finance and administration, tax policy, public procurement and investigation to illicit flows, amongst other key areas in public administration.

The EU and its MS are committed to jointly assess the effectiveness of partner country systems, using existing assessment tools such as the Public Expenditure and Financial Accountability (PEFA) framework, to ensure a coordinated approach to their use.

USE OF COUNTRY SYSTEMS

+18

AMONG THE EU-13 MEMBER STATES, LITHUANIA HAS A REMARKABLE INCREASE OF THE PROPORTION OF AID CHANNELLED THROUGH COUNTRY SYSTEMS SINCE 2013

90% OF DENMARK'S AID IS CHANNELLED THROUGH COUNTRY SYSTEMS

BELGIUM, DENMARK, FRANCE, IRELAND, ITALY, SWEDEN AND UK ARE SCORING BETTER THAN THE GLOBAL AVERAGE (50.1%)

BELGIUM , LUXEMBOURG, LITHUANIA, DENMARK AND ITALY HAVE MADE REMARKABLE PROGRESS IN INCREASING THE LEVEL OF USE OF COUNTRY SYSTEMS IN THE PARTNER COUNTRIES, AS COMPARED TO THE 2010 BASELINE VALUES

INCREASE IN PERCENTAGE POINTS:

+30 +29 +25 +23 +12

UNTYING AID

Aid is considered untied when the bilateral partner does not impose geographical constraints on the use of development co-operation funds, requiring that the procurement of goods and services using these funds is made from suppliers based in specific countries. Tied aid challenges the country's ownership of purchasing decisions and deprives the country of potential positive externalities in using development cooperation, such as creating markets for local suppliers.

The EU is committed to make progress on untying as encouraged by the 2001 Recommendation of the OECD Development Assistance Committee (DAC) on "Untying Official Development Assistance to the Least Developed Countries (LDCs) and the heavily indebted poor countries (HIPCs)" (OECD 2001, amended in 2008).

The Commission and many EU MS have made significant progress towards untying their aid. A number of EU MS have significantly increased the share of their aid that is untied as covered by the Untying Recommendation. In this respect, the share of bilateral official development assistance (ODA) reported as untied by the Commission and EU MS is 79% of their bilateral development assistance.

Since the 2008 Accra commitment to "untie aid to the maximum extent", a number of EU MS have significantly increased the share of their aid that is untied, even beyond the OECD DAC recommendation. The EU and its MS are committed to untie their aid as much as possible and ensure that their aid flows contribute to the extent possible to local economic development and increase partner country benefits.

Several EU MS can be considered as untying champions, maintaining fully or almost fully untied aid programmes. The UK has fully untied 100% of its bilateral aid and has sustained this achievement for the last past years. Belgium, Denmark, Finland, France, Ireland, Italy, Luxembourg, and the Netherlands have untied more than 90% of their aid. In total, twelve EU MS have untied their aid higher than the OECD DAC average (over 79%). Italy experienced the largest increase, by 35 percentage points, from 58% in 2010 to 94% in 2014. The Commission and Spain have also experienced a notable increase between 2010 and 2014, by raising the share of untied aid by around 20 percentage points. The Commission has increased the share of untied aid to 66% from the baseline value of 48% in 2010, while Spain increased the share of untied aid to 84% from 64% in 2010.

Despite progress made so far, more work remains to be done, both within the EU and beyond. Some EU MS lag behind, and tied aid levels continue to be very high. However, the Commission and EU MS should progress towards ensuring that their development funds are both 'de jure' and 'de facto' untied. In some EU MS, due to the existing 'rules of origin' or minimum content rules', a large share of "untied" aid-funded contracts goes back to donor country.

UNTYING AID

12 EU MS
have untied their aid higher than the OECD average 80%

UK

100%
UNTIED

BELGIUM DENMARK FINLAND FRANCE
IRELAND ITALY LUXEMBOURG NETHERLANDS

OVER 90%
UNTIED

THE EU INSTITUTIONS HAVE INCREASED THEIR SHARE OF UNTIED AID TO 66% COMPARED TO 48% IN 2010

5. INCLUSIVE PARTNERSHIPS

The 2011 Busan Forum put Inclusive Partnerships at the centre of the development effectiveness agenda, highlighting the objective of engaging with a wider spectrum of development actors, namely civil society organisations (CSOs), local authorities, national parliaments and the private sector. The perceived benefit from their complementary knowledge and experience, building on and encouraging mutual responsibility, has become an inherent part of the way we conceive development effectiveness.

HIGHLIGHTS

The development effectiveness agenda acknowledges the need to have a stronger engagement of those different actors and increased gender equality. While inclusive partnerships have been fully incorporated in the thinking and doing of development cooperation, and both the EU and its MS are active supporters, results are still difficult to systematize and further efforts are needed to evaluate the success of inclusive partnerships. So far, progress is being reported and some tangible results illustrate the EU and its MS leading role in promoting inclusive partnerships.

WORKING WITH CSOs

The importance of CSOs as independent development actors is now widely recognized. However, despite successful achievements, CSOs still face many obstacles in doing their job due to political, economic and social constraints. For that reason, the promotion of an enabling environment for CSOs remains a priority.

The 2012 Commission Communication **'The Roots of Democracy and sustainable development'** reflects how an empowered civil society is a crucial component of any democratic system and recognizes the critical role of CSOs as governance actors. It promotes the meaningful and structured participation of CSOs and emphasizes the need for an enabling environment. It also highlights the relevant role played by global CSO platforms and supports partnerships from global to local levels.

In March 2016 the Commission thus signed 23 long-term strategic partnerships (Framework Partnership Agreements) with major international and regional networks of civil society. These agreements cover all regions of the world and a wide array of fields of intervention: anti-corruption, gender, accountability, human rights, political and social inclusion or economic empowerment. They also cover the various categories of CSO actors, such as NGOs, private sector organisations, trade unions, farmers' organisations, cooperatives, community-based and faith-based organisations.

WORKING WITH NATIONAL PARLIAMENTS AND LOCAL AUTHORITIES

Continued efforts are taking place to better engage different official actors at various levels. **National Parliaments** are being supported to strengthen their capacities and perform their role. This is accompanied by the promotion of inter-parliamentary cooperation between EU MS and partner countries.

Local authorities are also encouraged to participate more actively in development processes. In May 2013 the Commission Communication "Empowering local authorities in partner countries for enhanced governance and more effective development outcomes" proposed a more strategic engagement with both representatives of local authorities and their associations in partner countries. It promotes the Territorial Approach to Local Development, which recognises the primary role of autonomous and accountable local authorities through the interaction with different actors (communities, civil society and private sector) of the territory.

In January 2015, the Commission signed 5 Framework Partnership Agreements with major international and regional associations of local authorities. These agreements cover all regions of the world, and a wide array of areas: decentralisation, transparency, accountability, good and inclusive local government, and the localisation of the SDGs.

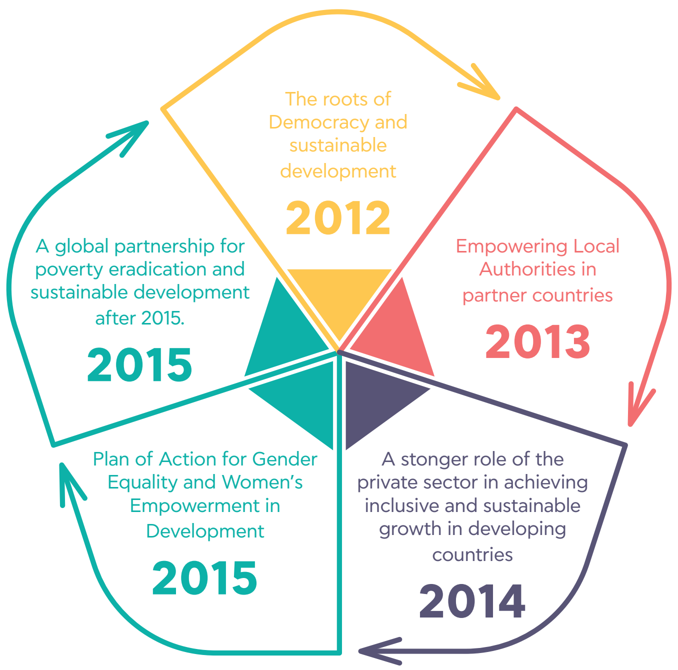
The EU and its MS actively promote the strengthening of local governance and the inclusion of local authorities in development efforts through a considerable number of initiatives, like promoting dialogue between municipalities and other actors such as civil society, private sector as well as capacity building, supporting local authorities national and international platforms as well as decentralisation processes.

GENDER EQUALITY

There is a full commitment to the advancement of gender equality in all spheres of life, in the recognition that it is both an end in itself, and a pre-requisite for sustainable and inclusive development. Gender is addressed in the **EU Plan of "Action for Gender Equality and Women's Empowerment in Development"**, widely known as the EU Gender Action Plan, adopted in 2015 in which the EU and its MS commits to implement the following areas through all spheres of EU external action: ensuring girls' and women's physical and psychological integrity; promoting the social and economic rights/empowerment of women and girls; strengthening girls' and women's voice and participation; and shifting the institutional culture to deliver more effectively on EU commitments.

Gender equality enjoys a strong political commitment and both EU Delegations and EU MS increasingly participate in gender coordination mechanisms and assume gender lead donor roles in partner countries. Concrete actions include ensuring that gender commitments are promoted at strategy and programming levels, tracking budget allocations to gender activities, and promoting the availability and use of gender equality statistics.

KEY POLICY FRAMEWORK FOR PROMOTING INCLUSIVE PARTNERSHIPS



WORKING WITH THE PRIVATE SECTOR

All around the world, the private sector will remain the main engine for growth and job creation. The 2030 Agenda recognises that it is the private sector resources and activities that shall play a decisive developmental role in creating the new economy; a more inclusive economy, with equal importance attached to financial, environmental and social dividends. There is no a single definition of the private sector. Big or small, formal or informal, from business engaging in international trade to domestic enterprises, from smallholder farmers to street traders in the informal economy and from market based schemes to social enterprises, all play a role in shared value creation. The EU leads in catalysing resources and engagement towards such a paradigm shift, recognising the importance of structured dialogue and collaboration between public, private and civil society.

Substantial progress can be noted at the policy level engaging private sector stakeholders in policy dialogue and advocacy to improve the business environment. Key EU policy documents in the area are the 2011 **Agenda for Change**, the 2014 Council Conclusions and Communication **"A stronger role of the private sector in development cooperation"**; the October 2015 Commission Communication **"Trade for All: Towards a more responsible trade and investment policy"**, the May 2016 **Council Conclusions on the EU and Responsible Global Value Chains"**.

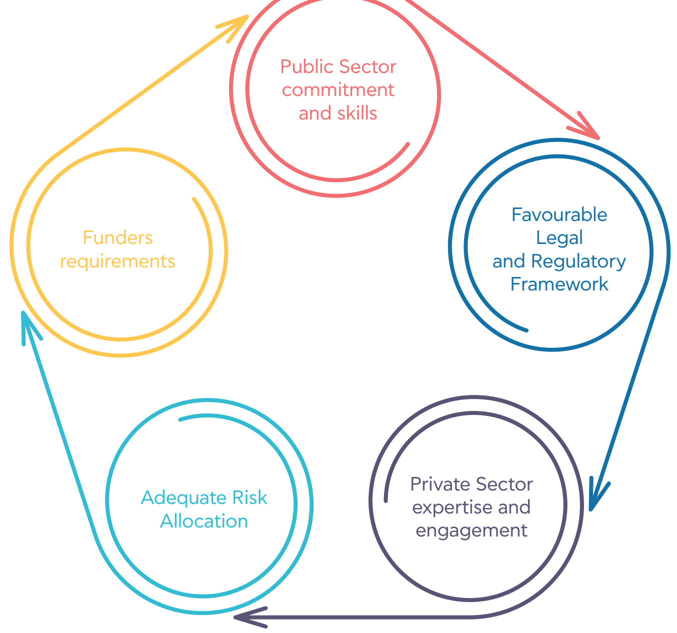
The recently proposed **External Investment Plan** would provide, for the first time, an **integrated approach to boosting investments** in Africa and the Neighbourhood in order to contribute to reaching the sustainable development goals by 2030, implement the Addis Ababa Action Agenda (AAAA) on Financing for Development and tackle some of the root causes of migration.

In addition to EU level policy undertakings, **individual EU MS have adopted specific policy documents to engage with the private sector in international development (Austria, Belgium, Denmark, Finland, France, Germany, Italy, Poland, Slovakia, Spain, the UK) and so has the Commission.**

The EU and its MS are supporting an increasing number of Dialogue platforms and facilities such as the Africa Business Forum and the EU Blending Framework. However, more efforts are needed in terms of supporting dialogue platforms in partner countries both with regard to capacity building and the strengthening of institutional structures to engage in dialogue.

With respect to Aid for Trade, considerable progress has been achieved in terms of increased focus on the development potential of trade. In most partner countries, trade policy and aid for trade are mainstreamed into their development strategies, which is one of the objectives of the Aid for Trade initiative. Looking ahead to a renewed and forward looking development effectiveness agenda, the key issues will need to focus around an EU strategic position for trade as a tool for sustainable development, the support to a sustainable approach around global value chains, the new aspects brought by economic, energy and climate change diplomacy (and accompanying finance), the expansion of risk capital facilities, guarantee schemes and climate finance together with the rapid digitalisation of the economy.

CRITERIA FOR EFFECTIVE PRIVATE SECTOR ENGAGEMENT



6. COUNTRIES IN FRAGILE AND CONFLICT SITUATIONS

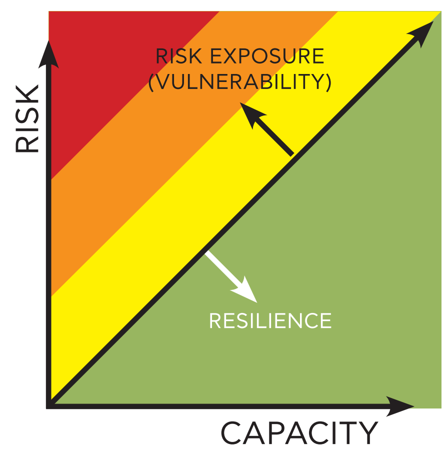
According to the OECD, fragile countries are countries with a **"heightened exposure to risk combined with a low capacity to mitigate or absorb these risks" potentially leading to "violence, conflict, chronic underdevelopment and protracted political crisis".**

Internally siplaed persons settlement in Feghi Merih in Eritrea.

HIGHLIGHTS

Fifty countries and economies are currently on the fragile states' list compiled by the OECD. These crisis-prone countries are characterised by poverty, conflict, political instability and vulnerability to climate risks and natural disasters. With 1.4 billion people and 43% of the world's people living on less than $ 1.25 a day. These countries are home to some of the poorest people in the world.In 2015, many crises crossed borders, even continents, demonstrating that it takes very little for local and regional instability to go global. **Fragility and resilience is therefore high on the development agenda.** Somalia and Mali, for example, are the proof that the cost of inaction or late action can be higher than expected. Early action is essential. Investing in resilience and risk management in vulnerable countries can save lives and livelihoods and help mitigate the societal and environmental sources of fragility. **If fragility is left unaddressed, it will undoubtedly impede on achievement of the SDGs.**

FRAGILITY AND RESILIENCE AS SHIFTING POINTS ALONG A SPECTRUM



Source: DEVCO B7, Presentation 'EU Approach to Fragility and Resilience'

The international community agreed at 2011 Busan Forum on a new approach for support aimed at fragile and conflict-affected states, and decided to invest in resilience and risk reduction to increase the value and sustainability of development efforts. Governments reached a **'New Deal for Engagement in Fragile States'** to address conflict and fragility by calling for greater transparency, country leadership and use of country systems, and conflict-sensitive programming.

The EU and its MS are responding to the Busan Commitments in support to fragile states. As a signatory of the New Deal, they are committed to continue with the implementation of the agreed commitments, including support to the selected pilot countries, and **participate actively in the International Dialogue of Peace-building and State-building.**

Since 2014, the EU and most of its MS have further adapted their procedures to the specificities of fragile and conflict-affected countries. Resilience also figures now as a key focus area for the EU and most of its MS as reflected in their policy documents.

The EU has developed policy guidelines and instruments since 2014 to help the EU and its MS to combine a unique set of policies and tools ranging from diplomacy, security and migration, to development and humanitarian aid in fragile and vulnerable areas.

Over **half of EU's bilateral development funding** will continue to go to **fragile and conflict affected states** for the years 2014-2020. Some MS have made explicit commitments to support fragile states: the new UK Aid Strategy makes the commitment to allocate **50% of DFID's budget to fragile states** and regions in every year. **Belgium** has also committed to **allocate at least 50% of its ODA to Least Developed Countries** and more than **half of Germany's bilateral cooperation partners are fragile states.**

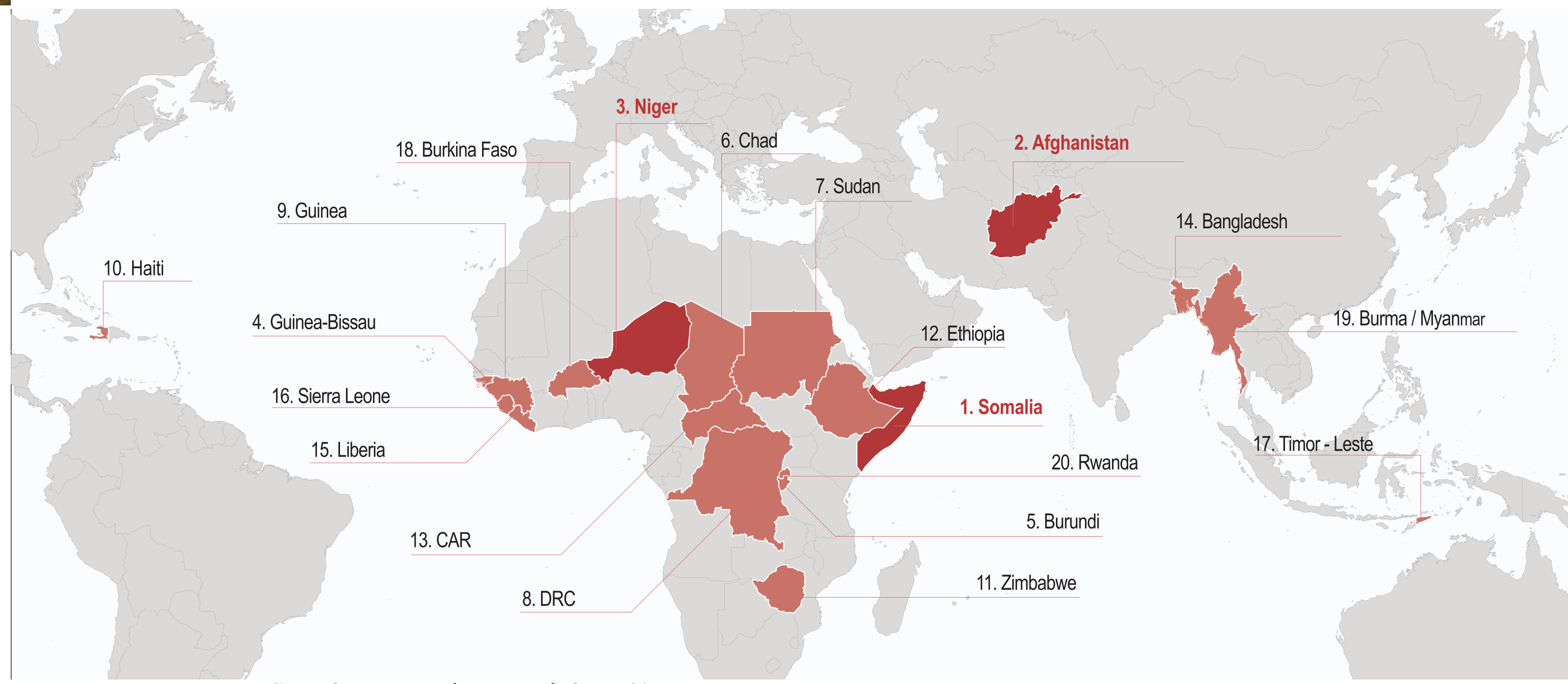
The **Bêkou Fund** set up by the **Commission, France, Germany and the Netherlands** contributes to the stabilisation process in the Central African Republic since 2014. The EU also supports fragile and crisis-prone countries with initiatives such as Supporting the Horn of Africa Resilience **(SHARE)** in East Africa, The Global Alliance for Resilience Initiative **(AGIR)** in the Sahel and West African Region and the **RESET programme** (Resilience building) in Ethiopia. In addition, the EU has contributed to the implementation of the New Deal through **State Building Contracts** in 15 countries, mainly in sub-Saharan Africa.

EU support to fragile states speaks for itself: **8 out the 20 top providers** of ODA to fragile states and economies are from the EU. In addition, the EU institutions are the second provider after the USA.

Addressing fragility and strengthening resilience relies on adopting a comprehensive approach to relief, development and governance, including peace and security. The EU and its MS are therefore putting an increased focus on resilience-building, bringing together humanitarian assistance, long-term development cooperation and on-going political engagement. Efforts to link relief, rehabilitation and development (LRRD) remain integral to such activities. The EU and its MS are also progressively building **effective links between the resilience agenda and the New Deal of Engagement in Fragile States** as the way forward to contribute to the 2030 Agenda with its SDGs.

FRAGILITY HOTSPOTS

RANKING OF COUNTRIES WITH HIGH LEVELS OF INSTABILITY, DISASTER RISK, POVERTY, AND CLIMATE CHANGE VULNERABILITY



Source: www.newclimateforpeace.org/G7-report/infographics

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Artwork by Kenya graffiti artists:
Bebeto Ochieng Thufu and Kenneth Otieno,
European Development Days, 15-16 June 2016