European Commission

The Busan Commitments

An Analysis of EU Progress and Performance

FOREWORD

This study provides analytical evidence on progress made by EU Member States and EU institutions in implementing the Busan commitments. The research and analysis draws on a vast range of quantitative and qualitative data and evidence identified across the Busan commitments. A comprehensive consultation process was carried out with EU Member States, EU Officials and Civil Society Organisations. Further existing evidence was consulted, such as the EU Accountability Report, OECD-led processes, studies, evaluations, and policy documents.

The study presents a short analytical survey followed by thematic papers covering priority commitment areas, illustrated with case studies showcasing progress made in partner countries with the European Commission and/or EU Member States involved as donors.

The experts' team worked in close cooperation with and under the supervision of the European Commission's Aid and Development Effectiveness Unit (DEVCO/A2).

Towards Meeting the Busan Commitments

A Survey of Progress and Challenges

The Global Partnership for Effective Development Cooperation (GPEDC) that was agreed at the Busan High Level Forum on Aid Effectiveness (HLF4) in December 2011 marks a shift in focus from aid effectiveness to the broader concept of development effectiveness.

The Busan Partnership Document defined four core principles for development effectiveness, building on the Paris Principles:

a) **Ownership of development priorities by developing countries**. Partnerships for development can only succeed if they are led by developing countries, implementing approaches that are tailored to country-specific situations and needs;

b) **Focus on results**. Our investments and efforts must have a lasting impact on eradicating poverty and reducing inequality, on sustainable development, and on enhancing developing countries' capacities, aligned with the policies and priorities set out by countries themselves;

c) **Inclusive development partnerships**. Openness, trust, and mutual respect and learning lie at the core of effective partnerships in support of development goals, recognising the different and complementary roles of all actors;

d) **Transparency and accountability to each other**. Mutual accountability and accountability to the intended beneficiaries of our cooperation, as well as to our respective citizens, organisations, constituents and shareholders, is critical to delivering results. Transparent practices form the basis for enhanced accountability.

The move to "development effectiveness" opens a new chapter in the history of international cooperation. The Busan High Level Forum on Aid Effectiveness provides a new inclusive framework to improve the way in which development cooperation is implemented on the ground, notably by reaching out beyond traditional donors and governments to include a diverse range of development stakeholders such as the private sector, civil society organisations (CSOs), parliamentarians, and local authorities.

In line with this new shift, a **new inclusive and representative Global Partnership for Effective Development Cooperation was established** to ensure accountability for implementation of commitments at the political level and to offer an open platform that embraces inclusivity. The Global Partnership aims to ensure adherence to the principles and different commitments. This includes ensuring development of solid global monitoring tools, continued high-level political support, inclusive spaces for dialogue, and identifying added value in the future in development cooperation delivering benefits to the billions of people living in poverty around the world. As the recent EU Council Conclusions on the EU Common Position for the First High Level Meeting of the Global Partnership in Mexico say, "**the Global Partnership could make an important contribution to the post-2015 agenda**, offering a more effective means of implementation. In order to achieve effective development outcomes, **the implementation of the post-2015 agenda should integrate the Busan principles of country ownership, inclusive development partnerships, transparency and mutual accountability, and focus on results**."

An EU Approach

The EU and its 28 Member States (EU MS) are highly committed to aid and development effectiveness having advocated and endorsed the Paris Declaration, Accra Agenda for Action and the Busan Partnership for Effective Development Cooperation. A number of policy documents and actions have been agreed by the EU and the EU MS to improve aid and development effectiveness at the European level such as the **European Consensus on Development (2005)**, the **Code of Conduct on Complementarity and Division of Labour (2007)**, the revised **Operational Framework on Aid Effectiveness (2011)**, the **EU Common Position for the Busan HLF (2011)**, including the **EU Transparency Guarantee** and the **European Union strengthening Joint Multi-annual Programming**, the **Agenda for Change (2012)**; more recently, **the EU Common Position for the First High Level Meeting of the Global Partnership for Effective Development Cooperation (Mexico City on 15-16 April 2014) adopted on 17 March 2014**. The European Commission (EC) has further taken a lead role in promoting an EU-coordinated approach to development cooperation.

More specifically, the Council Conclusions dated 14 November 2011, the "EU Common Position for the Fourth High Level Forum on Aid Effectiveness", aim to further deepen the aid effectiveness commitments and strengthen development effectiveness. To do so, the EU Common Position outlines five key priorities:

1. Establish an EU Transparency Guarantee to increase accountability and predictability, strengthen democratic ownership and improve development results.
2. Implement Joint Programming at the country level to reduce aid fragmentation and promote harmonisation.
3. Strengthen delivery, accountability, measurement and demonstration of sustainable results.
4. Commit to a new approach to situations of conflicts and fragility.
5. Deepen Public-Private engagement for development impact.

The priorities of the Busan outcome document are further reflected in the "**Agenda for Change"**.

This report assesses the collective progress and challenges of the EU and EU MS towards implementation of their development effectiveness commitments since the last "High Level Forum on Aid Effectiveness" held in Busan.

Highlights of progress

The EU and its Member States (EU MS) are **front runners** in improving transparency and reducing fragmentation through working on Joint Programming in many partner countries. Good progress has also been made concerning inclusive partnerships, increased role of the private sector in development, private investment, trade, and innovative financing sources and instruments. Overall performance could benefit from more focused attention and accelerated implementation in other fields, such as the use of country systems. The EU and EU MS have made significant progress in implementing commitments since Busan, including through work in thematic Building Blocks.

There is evidence that previous achievements towards the implementation of aid effectiveness principles have been sustained, giving the EU and EU MS an incentive for targeted action to build on success, encourage continued investments in the implementation of Busan Commitments and address the remaining bottlenecks. Busan introduced **reforms take time** and they require a change of mindset, a process which will inevitably and intrinsically takes time and that urgently needs sustained and strong political will.

Five EU MS - Denmark, Germany, Ireland, Italy, Portugal - have established a specific **strategy for implementing the Busan commitments**; six EU MS - Luxembourg, Malta, Netherlands, France, Sweden, and Spain - have a partial strategy for implementing Busan commitment: Of the remaining EU MS, most have embedded Busan commitments into their respective Development Cooperation Strategies/ Plans or laws, e.g. Sweden, Belgium, UK, Finland, Portugal, Croatia, Slovak Republic.

Many EU MS now feel that the First High Level Meeting of the Global Partnership for Effective Development Cooperation will provide a **unique opportunity** to build on the commitments of Busan and contribute to the post-2015 development agenda. The Global Partnership could make an important contribution to the post-2015 agenda, offering a more effective means of implementation. In order to achieve effective development outcomes, the implementation of the post-2015 agenda should integrate the Busan principles of country ownership, inclusive development partnerships, transparency and mutual accountability, and focus on results."

Ownership of development priorities by developing countries

EU actions are designed to align with national priorities and strategies tailored to partner country-specific contexts and needs. Specific projects and programmes are developed in close partnership with or preferably led by beneficiaries and the responsible authorities.

The EU continues to be a lead donor in using partner countries' Public Financial Management systems (PFM) and procurement systems. The 2012 DAC - Peer Review states that "the EU institutions have made strong gains in their use of country systems, including both public financial management and procurement." There have been marked changes in practice by specific countries. Italy, for example, has improved its use of country systems by 22% since 2010, and Denmark by 19% - now channelling 76% of its development cooperation through country systems. Ireland is top of the list, with 82% of its aid channelled through country systems.

With respect to the **untying of aid**, the EU and EU MS have **sustained their previous achievements** toward meeting the Paris Declaration targets at 80%. Italy, Spain and the EU institutions are the major improved performers with a 24%, 19% and 18% increase respectively.

Focus on results

The EU MS and EU have collectively undertaken initiatives to improve country **results frameworks** and are actively supporting country level processes and platforms on results frameworks. Strong partner country results frameworks are the foundation to better monitoring, evaluating and demonstrating impact as well as providing a much needed evidence base for policy development. The EU MS have further developed and fine-tuned results-based management processes within their own administrations. The EU and EU MS provide support to strengthening national capacities in support of the maximisation and sustainability of development results and impacts. Development cooperation projects aim to be **results-oriented** so that the donor and partner country take mutual responsibility for all phases of implementation, ensuring impact and results in an environment that emphasises lessons learning through monitoring, evaluation and policy dialogue.

Fragmentation and diversity management

EU and EU MS have actively supported greater use of country-led coordination arrangements, including division of labour, programme-based approaches, Joint Programming and delegated cooperation. **The commitment to implement Joint Programming was one of the two key EU deliverables at Busan.** The EU has made good progress in strengthening Joint Programming and reducing fragmentation of development assistance. The Council of the EU sees Joint Programming as instrumental to implementing Busan commitments. EU Joint Programming has since been introduced in 40 countries and is scheduled to be introduced in a further 12 over the coming 20 months. The EU and EU MS are reducing donor fragmentation by concentrating their respective support on fewer countries and thematic areas in complement with each other and in the spirit of cross-country division of labour. EU Joint Programming provides a good framework in which (European) donors could work together for joint results indicators and joined evaluation at partner country level.

Inclusive partnerships and development

The EU has progressed in ensuring that all stakeholders and voices are duly included in development processes, including towards establishing and institutionalising inclusive and democratic multi-stakeholder dialogue mechanisms at country level, as well as the establishing enabling environment frameworks that **maximise the contributions of Civil Society Organisations (CSOs)** to effective development cooperation. The volume of CSO financing in many cases has been increased. Human rights based approach, gender and inclusivity are taken into account when planning new interventions, as well as mid-term reviews on ongoing programmes ensuring that these crosscutting objectives receive due attention. **The role of parliaments** in linking citizens with government and overseeing development cooperation processes and action plans has been strengthened. Support has been provided **to local governments** to enable them to more fully assume their roles in development assistance delivery and to enhance their participation and accountability. Good progress has been made by the EU and EU MS on Busan commitments concerning the role of the **private sector in development**, private investment, trade, and innovative financing sources and instruments. There is an increased involvement of the private sector in development efforts, through a growing number of business-to-business partnerships.

Since Busan, the European Commission (EC) has advocated and proposed many innovations and forward-looking developments, notably at the policy and at operational levels. A lot has been done by the EU, including the adoption of policy documents, the streamlining into programming documents all over the globe, the engagement in a **"Structured Dialogue" with CSOs and local authorities** in partner countries and in Europe and broad participation in the Global Partnership. There is a very strong alliance of the EU institutions and the EU MS on the issues related to inclusive partnerships.

The EU and EU MS participate actively in the follow-up and implementation of the Busan commitments related to **gender equality**. Much is happening in terms of policy, and awareness is increasing as to the need to mainstream gender across all sectors and at all levels within operations. Considerable progress can be registered concerning availability of sex-aggregated indicators, which are being used across different development cooperation modalities, including in general budget support.

Transparency and accountability to each other

The commitment to implement the EU **Transparency Guarantee** is a key EU deliverable committed to in Busan. Substantial progress has been made for increased transparency and improved availability and quality of information. In future, further work will focus on implementing the common, open standard for electronic publication of timely, comprehensive and forward-looking information on resources for development cooperation by the end of 2015. The EU has made good progress in improving transparency and is rightfully proud of its progress in this challenging space. All EU MS report their Official Development Assistance (ODA) to the OECD/DAC and a growing number, totalling 9 EU MS plus the European Commission, now publish data in the **International Aid Transparency Initiative (IATI)**, while 20 EU MS have already published schedules to implement the common standard by 2015. The EU and EU MS will also expand the practice of using **regular consultation with CSOs and other stakeholders** to increase transparency and accountability. The EU and many EU MS have developed and launched websites and open data portals dedicated to development and publication of available data.

Supporting transition to resilience of fragile and conflict-affected states

Supporting fragile and conflict-affected states in their transition out of fragility and towards resilience has remained a priority.

As a signatory of the **New Deal**, the EU and EU MS are committed to continue implementation of the agreed commitments, including support to the selected pilot countries. A series of actions mark the EU collective progress in this area such as the EU and EU MS involvement in New Deal implementation (Somalia Compact); programming for fragile states; budget support/state-building contracts for fragile states; ongoing discussions on the EU's comprehensive approach to crisis and conflicts (including fragility); EU MS bilateral cooperation with fragile states, and commitments concerning New Deal implementation.

The EU and its Member States have responded to the specific challenges of using **country systems in fragile states** by including separate instruments as part of their budget support frameworks. For instance, the EU and the UK include specific provisions which allow for applying budget support eligibility criteria more flexibly in fragile contexts. Furthermore, more than half of the EU MS have adapted their procedures to the specificities of fragile and conflict affected countries when designing and implementing programmes in those countries.

Challenges in Achieving Busan Commitments

Performance in terms of implementing the reform agenda proposed in Busan is linked to donors' **political will** to address those commitments and putting the necessary mechanisms and instruments in place for doing so.

In many cases, the implementation of these commitments requires deep transformations in the way development cooperation is managed and delivered. Implementation of Busan commitments has occasionally required **changes to legislation** of the EU and EU MS -such as Belgium integrating the fragmentation commitments in its new Law on Development cooperation of March 2013, which limits Belgium's bilateral cooperation to a maximum of 18 partner countries and three sectors in each partner country.

There are often also complex legal challenges to be overcome in implementing the Busan commitments, especially in the areas of predictability of funds available to partner countries as well as the use of country systems (state budgets approved annually, obligation for the recipients of grants to use funds in line with the EU MS law).

Partner country ownership, including the role of the partner country in leading donor coordination, is considered as a key factor of successful implementation of the development effectiveness agenda. In some partner countries, progress has been hampered by limited local capacities to lead in this area.

Results from the Monitoring Framework of the Global Partnership show that the use of country systems by the EU varies from one Member State to another, showing high, moderate and low levels of use. Further progress is needed towards greater alignment to the partner countries' priorities. There is still more to be done by the EU and many EU MS in order to reach the target for using the partner countries' public finance management (PFM) and procurement systems.

There has been progress in **Division of Labour** between EU and EU MS with regards to the EU Code of Conduct commitment that each EU donor focuses on three sectors of intervention per partner country. In particular, the current momentum in EU Joint Programming (JP) pushes this agenda forward as JP acts as a strong catalyst for division of labour. Although Joint Programming still faces some challenges, the process is now well advanced in some 15 countries with JP documents finalised and/or adopted. This is **remarkable progress given that JP was launched in pilot phase two years ago**. In another 6 countries joint analysis/ responses have been drafted, and in 12 countries preparatory work for JP has started. Practitioners concluded that the investment in this process is worth the effort, given its potential in terms of contributing to improved coherence, complementarity, predictability and transparency, thus impacting on development cooperation for developing countries and donors alike.

Multilateral aid is currently delivered by over 200 individual organisations, sometimes with overlapping mandates. The international community committed to address this issue. However, progress has been overall slow and incremental, and proliferation of multilateral aid remains on the agenda.

The EU and EU MS see **inclusive partnerships** as fundamental for development cooperation to achieve sustainable development results. Overall, the general impression is that whilst EU progress is on-going, it still may need to be accelerated. Some limiting factors are external, e.g. constraints in starting policy and political dialogue at the country level, others reflect internal organisational challenges of the EU and EU MS – such as insufficient technical capacities to act as informed interlocutors with partner countries, and the need to enhance monitoring, which still often misses the opportunity to really assess the gender-sensitivity of projects.

Concerning **transparency**, half of the EU MS published schedules for implementing the common standard have been considered as "not ambitious enough"[1] to meet the 2015 target of implementing a common, open standard for electronic publication of timely, comprehensive and forward-looking information on resources provided through development cooperation. One particular commitment that has seen slow progress is improving the predictability of aid. Part of the reason for slow progress is the growing recognition that it is more complex than initially thought to transition from annually approved budgets to medium term budgeting of development cooperation over three to five year periods. Other challenges faced include legal constraints, the need to change internal data management systems, the availability and capacity of donor resources including staff, IT and funding.

The EU and EU MS welcome the greater flexibility of Busan and its orientation on partner development plans, country ownership as well as its inclusiveness and multi-stakeholder character. However, the greater flexibility and decentralisation has also led to **greater difficulty in benchmarking**, **monitoring and comparing progress**. The Busan Partnership document is not binding, with selective implementation noted across the commitments. EU MS have tended to prioritise different areas of the Busan Partnership Agreement (as seen also from the Busan implementation plans or the development plans/strategies).

Many EU MS feel that an implementation and monitoring mechanism are important to stimulate further action, as was the case with periodic monitoring of Paris Declaration. Paris Declaration surveys added to the political pressure on donors to gradually increase their compliance with the aid effectiveness principles.

Results from Global Partnership Monitoring Framework aim to provide evidence of progress and signal opportunities as well as obstacles for further progress and will help the EU MS to compare progress and set goals towards achieving further results. **Continued monitoring** of progress is key to tracking the translation of political will into action and change in behaviour. **OECD DAC Peer Reviews** are also seen as an efficient and effective way to push DAC donors towards progress and to consolidate their reforms towards achieving the Busan commitments.

1 Concord AidWatch 2013.

Thematic Paper | Country Ownership

Country ownership *is the bedrock of development and the ultimate determinant of relevance, the only sustainable way to ensure lessons learning and embedding institutional memory for where policy makers can access it.*
Because partner countries tend to deliver more cost-effectively, ownership is also the most important determinant of value for money.

Country Ownership

Development must be done *by* developing countries, not *to* them. Policies and institutional reforms are effective insofar as they are country-led processes. The principle of "country ownership" was adopted at the Paris High Level Forum in 2005. The importance of country ownership is internationally recognised and the Busan High Level Forum on Aid Effectiveness (HLF4) in 2011 reconfirmed its importance.

Partner countries have ownership when they can decide on what and how public resources are spent. When ownership is accompanied with sound public management, democratic accountability and inclusive practices, relevant development programming has the best chance of delivering results. Programming enables ownership when it is aligned with partner country policies, systems and mandates. When the context allows, untying aid and using country systems can enable effective delivery, national ownership, as well as lasting capacity development.

Embedding country ownership into EU policies

The **"EU Common Position for the Busan High Level Forum"** reconfirms that the EU and its Member States see partner country ownership as fundamental to achieve sustainable development results. The EU Common Position states that "donors should provide their capacity development support according to local priorities, demand and context". Following decades of emphasising the importance of ownership, the EU committed to an Operational Framework on Aid Effectiveness in 2009, containing measures in three areas: Division of Labour, Use of Country Systems, and Technical Cooperation for Enhanced Capacity Development. The EU **"Agenda for Change"** further builds on the importance of country ownership and commits that development strategies led by the partner country will continue to frame EU development cooperation.

On 14 May 2012, the **Council Conclusions on "The Future Approach to EU Budget Support to Third Countries"**, emphasised the commitment **to use budget support and country systems** effectively to support poverty reduction, make aid more predictable and strengthen partner countries' ownership of development policies and reforms, in line with the European Consensus on Development, the Agenda for Change, as well as the international development effectiveness agenda[1]. The **EU Council Conclusions** of 15 October 2012 commit to increasing coordination in order to develop a common EU joint analysis of -and response to- partner countries' national development strategies.

Highlights of progress

A. **Use of country systems**

The EU continues to be a lead donor in using partner countries' Public Financial Management systems (PFM) and procurement systems. The 2012 DAC-Peer Review states that "the EU institutions have made strong gains in their use of country systems, including both public financial management and procurement."

1 Council Conclusions 'The Future Approach to EU Budget Support to Third Countries', 3166th Foreign Affairs Council meeting, Brussels, 14.05.2012

Busan commitments:

§11a. *Partnerships for development can only succeed if they are led by developing countries, implementing approaches that are tailored to country-specific situations and needs.*

§12a. *Deepen, extend and operationalise the democratic ownership of development policies and processes.*

§18e. ***We will accelerate our efforts to untie aid.*** *We will, in 2012, review our plans to achieve this. In addition to increasing value for money, untying can present opportunities for local procurement, business development, employment and income generation in developing countries. We will improve the quality, consistency and transparency of reporting on the tying status of aid.*

§19. ***The use and strengthening of developing countries' country systems*** *remains central to our efforts to build effective institutions.*

a) Use country systems as the default approach for development cooperation in support of activities managed by the public sector, working with and respecting the governance structures of both the provider of development co--operation and the developing country.

b) Assess jointly country systems using mutually agreed diagnostic tools. Based on the results of these assessments, providers of development cooperation will decide on the extent to which they can use country systems.[...] The use and strengthening of country systems should be placed within the overall context of national capacity development for sustainable outcomes.

AUSTRIA

Use of partner country systems is a priority. The choice of modality is made in consultation with partner governments and donors. Considerations include ensuring the most appropriate response to local context and a mix of modalities to reduce fragmentation and manage diversity. Austrian Development Cooperation (ADC) relies on country-level results frameworks (where they exist), e.g. by integrating indicators of national development plans into own country strategies and programmes.

BELGIUM

The new Law on Development Cooperation (March 2013), retains the Paris Declaration and Busan principles as the overarching framework for Development Cooperation. Art 21 of the Law indicates a "preference" for using national systems as default systems. The Law regulating the Implementing agency for bilateral government to government co-operation (BTC -Belgian Technical Cooperation) has been adapted in order to enable the implementing agency to use "national systems".

CROATIA

Significant progress in applying the principle of country ownership has been made: Croatia has engaged in direct dialogue with partner countries' central authorities, particularly in Bosnia and Herzegovina and Afghanistan. In priority programme countries, Croatia has analysed the donor landscape and has entered into consultations as well as into concrete partnerships with donors.

The EU has made progress in using partner countries' PFM and procurement systems, by increasing all aid channelled through country systems from 40% in 2005 to 50% in 2012.

On the ***overall use of country systems***[2]:

- **18 EU Member States** and the EU make use of the country systems of recipient country.
- **Ireland** has sustained its leading position amongst the EU MS by channelling **over 80%** of its assistance through developing partners' country systems.
- **France, Denmark and Finland** are channelling **over 70%** of their development assistance through country systems.
- **Four EU MS** have greatly **improved their performance by 10% or more.** Italy leads with a 22% increase in use of country systems, followed by Denmark, France and Finland.
- **Nine EU MS**, mostly from the new Member States, report that they do not use country systems of their developing partners. However, they are mostly channelling their aid through the multilaterals and the level of using country systems depends on these multilaterals. When donors choose to use the multilateral channels, this may help to lower donor fragmentation and transaction costs.

Where feasible, the EU is providing **Budget Support**, which uses country systems while developing partner government capacities. The new European Commission's Guidelines on Budget Support further emphasise strengthening Public Finance Management (PFM) in partner countries. The **EU and fourteen EU MS** use Budget Support for up to 30% of their total development assistance. Germany, Denmark, Finland, France, Ireland, Italy, Netherlands, Portugal, Sweden, and UK are amongst these countries.

Public Financial Management (PFM) lies at the heart of countries' governance systems, as a critical element for accountability of partner countries' systems and effective development policies. The EU and EU MS are planning **increased amounts for improving PFM and public procurement systems** in developing countries.

In 2012-2013, the **EU and EU MS financed over 1000 programmes** focused on building governance, institutions and public financial management **totalling around €1,3 billion**. The UK reports financing 548 projects with a total value of €860 million, Denmark reports 360 programmes with a total value of €260 million, while Belgium has allocated €124 million spread over 27 programs. Germany also has a significant engagement, by allocating between 25 and 50% of its development assistance to the strengthening of the institutions and PFM. Some EU MS are designating as much as 15-20%.

The EU uses the Public Expenditure and Financial Accountability (PEFA) Public Financial Management Performance Measurement Framework as the preferred tool to support partner country PFM systems. In 2012, the EU conducted 22 PEFA assessments. The EC, France and the United Kingdom are working closely with the other four PEFA partners on revising the framework to keep the PEFA tool up-to-date and relevant. In early 2013, **the EC published a Good Practice Note to assist donors when sequencing PFM reforms**.

2 Data extracted from the 2013 Monitoring Framework of the Global Partnership (final dataset v.25.02.2014) and 2014 EU Accountability report – preliminary data received by 12.03.2014

B. **Untying aid**

EU Institutions and most of the EU MS have made **progress in untying aid.** Since the Accra (2008) commitment to **"untie aid to the maximum extent",** a number of EU MS have significantly increased the share of their aid that is untied. However, for others the share of untied aid has fallen. EU untying policy takes into consideration the development level of the recipient country.

The EU MS and the EU are collectively committed to accelerate efforts to untie aid. In 2012 and 2013, the EU collectively, in line with this Busan commitment, has reviewed its plans for further untying of aid. The progress in this area can be reported as follows[3]:

- The proportion of aid being untied is now **over 80%**. Notable progress has been reported by Germany, Italy, Spain, Sweden and the EU Institutions.
- **Half of the EU MS** have untied aid.
- **Ireland and the UK** have **fully untied** their aid.
- **Thirteen EU MS** have a level of untied aid above the DAC average (79%).
- **Seven EU MS** have untied **over 90%** of their aid: Ireland, UK, Belgium, Denmark, Finland, France, Luxembourg, Netherlands, Sweden.

Challenges in achieving ownership

Enabling strong political leadership at the national level is a challenge. Programming does not always enable greater ownership in allowing and supporting partner governments to lead design and coordination of development cooperation in consultation with all relevant stakeholders. A pressing concern is that the administrative and financial relationship between donors and partner countries too often trumps the need to foster a deep and meaningful partnership based on mutual respect and accountability.

What seems of crucial importance for effective development coordination is the existence of an **enabling environment** that the partner country government needs to set up, by formulating **a comprehensive and country-owned national development strategy**, improving coordination and implementation capacities and know-how on effective development cooperation, and continuously leading an intensive and trust-based dialogue with all development stakeholders.

Alignment to partner country strategies and priorities can still compete with the priority of meeting **international commitments or domestic donor development priorities**. Weak dialogue between partner governments and donors, insufficient partner governments' political will to reform or diverging donors agenda's and interests, only serves to exacerbate this challenge further undermining ownership. Many EU MS feel that development partners need to respect the partner country's lead in the aid management process.

3 OECD Creditor Reporting System, data available only for DAC members. Excludes donor administrative costs and in-donor refugee costs. (v.24-02-2014 09:45)

FINLAND

The Ministry of Foreign Affairs instructs those designing and implementing development cooperation interventions to carefully analyse potential forms of collaboration, and analysis of country systems is carried out in connection of the programme planning. Finland will now launch budget support guidelines based on those issued by the EU.

FRANCE

Establishes its interventions on the basis of a dialogue with its partner countries. With its priority poor countries, France signs "partnership framework documents" which are partnership-based and aligned with their national strategies and take into due account their priorities and needs.

The proportion of untied aid that France allocates to Least Developed Countries (LDC) and Heavily Indebted Poor Countries Initiative (HIPC) countries is over 99%.

HUNGARY

In the course of the project design phase, local development plans and priorities are thoroughly considered. All projects are developed in close partnership with the beneficiaries and the local authorities. All Official Development Assistance (ODA) projects must have a written and results-oriented agreement between the donor and beneficiary, stating the joint responsibilities in all phases of implementation as well as the impact and evaluating procedures.

POLAND

For Poland, the key to success is the partner country's ownership of its development, and the leading role of the partner country in donor coordination. On the donor side, legal systems seem to be an obstacle in implementing the Busan commitments, especially in the areas of predictability of funds available to partner countries as well as the use of country systems (state budgets approved annually, obligation for the recipients of grants to use funds in line with the Polish law).

UNITED KINGDOM

The UK provides some of its bilateral aid in the form of budget support. In 2012–13, the UK provided budget support to 11 countries, a total of just over 600 million EUR (around 12% of 's total bilateral spend). Budget support is increasingly earmarked for the health and education sectors as part of sector budget support. All UK's Department for International Development (DfID) assistance has been untied since 2001.

SPAIN

The 2012 data prove Spain's commitment in untying its aid. The tendency to untie aid has been positive for all groups of countries. Spain untied 97% of its aid to middle - low income countries (PRMB) in 2012 and 87% of its aid to LDCs.

Capacity challenges in partner government administrations from PFM to procurement systems including in planning, reporting, monitoring and leading coordination remain the most pressing impediments to ownership and greater use of national systems. Limited capacities in some partner countries and sometimes inexistent data systems, including public finance information management systems and national statistics, can prove to be an obstacle for effective government leadership. In this regard, it is of paramount importance to effectively support the development of capacity in partner countries in order to allow the factual ownership of development interventions. On the other hand, donors sometimes lack sufficient flexibility or willingness to recognise the importance and relevance of partner government statistics and data and their regular update to programming and monitoring.

Political and fiduciary risk makes it sometimes difficult to use country systems. A perception of **corruption and patronage in some partner government** judicial and law-enforcement institutions are often cited as a reason why some EU MS do not trust partner country authorities and the country systems. Similarly partner government suspicions of **corruption or political interference in donor systems** is sometimes cited as an impediment to government actively seeking out greater dialogue and ownership.

Making progress on untying aid remains a challenge. Complete untying remains a challenge for many EU MS. There is much room for further actions towards untying aid in practical ways and exploiting the opportunities that this offers for strengthening effectiveness of development cooperation through partnerships between EU providers and recipients of this aid.

Some of the issues that prevent the EC and EU Member States from further untying their aid provided to many developing countries include:

- Tenders are launched by the EU MS at headquarters level, a **factor which prevents partner country firms** from participating;
- Lack of access to information, or even lack of skills and capacities from the partner **institutions** remain a competitive challenge;
- In some countries, **development agencies are under pressure** from headquarters and their own Parliaments to ensure that aid monies are verifiably and effectively spent;
- Tied aid levels in some EU MS continue to be very high due to the fact that most aid now consists of **concessional loans** to partner countries;
- There are cases when untying practices and use of country systems are still constrained by **domestic laws and regulations** of the EU MS, which contain restrictions on the disbursement of public funds or obligations for the recipients of grants to use funds in line with the aid provider's law.
- The **fragility of some partner countries' institutions and systems**, limits the use of local and regional procurement. In this respect, all actions aiming to reinforce local public administration capacities are very important to support the process.

Finally, ownership is more than an administrative principle. To allow partner government ownership there needs to be a **meaningful partnership based on trust, dialogue and mutual accountability**. To build such a partnership, donors and partner governments need to **guard against pre-existing assumptions and suspicions of otherness while investing time and resources in building a relationship**.

Case Study

Burundi's Model Tax Reform Programme

Supporting developing countries' public finance management reforms remains central to the EU and EU MS efforts to build effective institutions. This case study demonstrates clearly how **effective revenue reform can transform a developing country's fiscal position**. This can lead to increased country ownership.

The idea that revenue authorities are central to building viable and accountable democracies is gaining traction in sub-Saharan Africa. Governments are recognising that the provision of social services and infrastructure developments will increasingly have to be financed with revenue from domestic sources. In many countries, however, revenue authorities must be re-built from scratch. Funding such endeavours is a complicated and expensive affair, often involving multiple donors.

Burundi presents **one of the most difficult operating environments in the world**. After fifteen years of civil war, the political climate displays a resistance to change, low transparency, and limited willingness to tackle corruption and tax evasion. Burundi's scores on indicators of corruption, rule of law and government effectiveness are low and only improving very slowly, if at all. In 2010, the Transparency International (TI) East African Bribery Index listed Burundi as the most corrupt country in the region - Burundi's tax department was named as the most corrupt institution. These challenges increase the complexity of securing genuine and lasting reform.

Despite the inhibitive institutional climate of out-of-date legislation, weak governance structures, excessive bureaucracy and opacity over organisational roles and low skill levels, the Burundian government began implementing a number of measures to improve public financial management. One of these was a tax revenue modernisation programme which included the creation of the **Office Burundais des Recettes** (OBR), supported by Trademark East Africa (TMEA).

The OBR has since redrafted legislation and codes of conduct, invested heavily in IT, strengthened governance and broadened the tax base while keeping rates as low as possible. **Ambitious targets were set and surpassed**, **as the OBR recorded revenue increases significantly above target for its first years of operation:**

- The OBR reports that collections have increased from BuFr300bn to BuFr560bn (US$360m, equivalent to 15% of GDP) in five years.
- By 2013, the OBR was the most improved revenue administration in East Africa, having a score of 16.4 on the East African Bribery Index, down from 35.7 in the previous year.
- Soaring collections enable the government to raise the salaries of its employees and address neglect of the infrastructure.
- There is secondary evidence that the Burundian government is reforming in other areas too: the country's ranking in the World Bank group's Doing Business surveys rose from #172 to #159 in 2013, and again to #140 in the 2014 exercise.
- The donor investment is delivering a return of 8.3 times its value each year. In other terms, for every $1 spent by TMEA, the Government of Burundi receives an additional $8.30 each year.

The technical assistance provided has been a central factor, as has been the leadership of OBR itself. A critical role is being played by the Commissioner General of the OBR, Kieran Holmes, who is providing the leadership to drive forward the necessary reforms.

Strong and effective leadership supported by good quality, flexible technical assistance is key to success.

The efforts made by the OBR to increase domestic revenue and modernise its tax system, although highly successful, are not sufficient to offset the deficit caused by **diminishing levels of donor assistance**. There is continued relevance of Official Development Aid through donor assistance, including budget support - and the development effectiveness agenda after Busan remains of high importance, including issues of national ownership, combining risk management and alignment, harmonisation by donors and mutually accountability for development results.

The TMEA Burundi programme started in 2010 and runs until 2016.

Principle funding partners are Belgium and the United Kingdom's DfID. The case of Burundi thus constitutes an interesting case study also from the perspective of donor coordination and division of labour with the EU.

Thematic Paper

Managing Diversity and Reducing Fragmentation

Managing Diversity and Reducing Fragmentation

Managing diversity is about examining how the plurality of aid can be better managed at partner country and how multilateral proliferation can be addressed as well as with the issue of potentially under-aided countries.

The increasing number and diversity of actors involved in development cooperation broadens the potential for partnerships and creates new opportunities. However, it also increases proliferation and fragmentation and makes management at the partner country level challenging. The commitments made at the Busan High level Forum on Aid-effectiveness in 2011 aim at better managing the diversity of donors and reducing the proliferation of aid channels while ensuring that countries are not left with insufficient assistance.

Germany, together with Uganda, has taken a lead role on the issue of managing diversity and reducing fragmentation as co-chair of the Building Block. Austria, Estonia, Finland, France, Germany, Netherlands, Poland, Sweden, Czech Republic and the European Commission are members of the Building Block "Managing diversity and reducing fragmentation".

An EU approach

The EU **"Agenda for Change"** stresses that "fragmentation and proliferation of aid are still widespread and even increasing", and calls upon the EU to take stronger leadership and to put forward specific proposals. The "Agenda for Change" puts coordination and harmonisation efforts at the heart of the EU´s contribution to increasing aid effectiveness, and emphasises the important role of EU Delegations in enhancing coordination and information sharing with EU MS. It further recognises the need for coordination with other donors on the ground and **identifies Joint Programming as a concrete instrument to reduce aid fragmentation** calling upon the EU to develop a joint strategy with the respective EU Member States based on the partner countries' national development plans.

All EU MS now strongly support a country-led approach to effective development cooperation, supporting partner countries' own policies and plans, and better coordinating donor activities to reduce duplication, building on ongoing dialogue with partner governments.

In response to Busan, in January 2012 the EC and the European External Action Service (EEAS) launched an **assessment of the feasibility of Joint Programming** in 12 partner countries. As a result, EU Delegations and EU MS Embassies recommended launching Joint Programming in six partner countries (Ethiopia, Ghana, Mali, Rwanda, Guatemala and Laos). In two of the 12 partner countries (Ukraine and Zambia), the EU Delegations and EU Member States' Embassies decided not to start Joint Programming, while in the other cases a review of this assessment at a later stage was recommended. By June 2013, a total of 54 partner countries were assessed by the EU Delegations and the EU Embassies. Out of these 54 partner countries, Joint Programming preparations are already advanced or about to start soon in 40 partner countries.

Busan commitments:

§25a. *By 2013, make greater use of country-led coordination arrangements, including division of labour, as well as programme-based approaches, joint programming and delegated cooperation;*

§25b. *Improve the coherence of our policies on multilateral institutions, global funds and programmes. We will work to reduce the proliferation of these channels and will, by the end of 2012, agree on principles and guidelines to guide our joint efforts;*

§25c. *Accelerate efforts to address the issue of countries that receive insufficient assistance, agreeing - by the end of 2012 - on principles.*

OVERVIEW OF EU MEMBER STATES

BELGIUM *introduced the fragmentation commitments in its new Law on Development cooperation of March 2013, which limits Belgium's bilateral cooperation to a maximum of 18 partner countries. The Law also stipulates that Joint Programming should be the basis of the Bilateral government to government cooperation, and focus in each partner country on a maximum of three sectors to be selected in coordination with the partner country government and other donors. Belgium has started to "synchronise" its planning cycle to that of the EU, based on the development plans of partner countries. By 2017 all of Belgium's country programmes should be aligned to the EU Joint programming cycle. Belgium also strictly limits its earmarked funding to multilateral organisations whilst increasing its contributions to the flexible funds of humanitarian organisations.*

***GERMANY** co-chairs the respective Building Block and is a strong advocate for the topic in multilateral reform processes. Germany is a key driver for international efforts for reducing fragmentation, a strong political supporter of Joint Programming, and actively participates in the respective joint programming processes in key partner countries of joint programming. The Federal Ministry for Economic Cooperation and Development (BMZ) has prepared internal guidelines to facilitate the implementation of joint programming on the ground, and is in the process of adjusting its internal procedures.*

***FINLAND** has progressed in its attempts to reduce fragmentation, and adhere to EU's Agenda for Change by limiting the number of cooperation sectors to three in the priority partner countries. Whereas the volume of its NGO financing has slightly increased, the number of new projects approved for financing annually has diminished whilst the number of longer term partnership organisations increased. Finland is focusing on 7 priority countries and country strategies for the priority cooperation countries have been elaborated at the partner country level, and fully aligned with the national development programmes In most cases the programmes are already limited to 3 sectors where Finland has comparative advantage, and the reduction of sectors will be gradually achieved in all partner countries . In general the planning of cooperation has become more strategic: The size of co-operation programmes and the duration of planned interventions are both gradually increasing, as those issues are being critically considered by the quality assurance board prior to financing decision. There is an increase in its multilateral financing and in strategic partnerships with other donors or international organisations. Finland carried out an assessment of efficiency of its multilateral partners to guide the financing decisions and help focus on the most effective partners. Finland is also part of MOPAN.*

Highlights of progress

Joint Programming is increasingly perceived as a process that gives the EU and EU MS more political coherence and visibility, and triggers **closer cooperation** vis-à-vis partner countries for policy dialogue -thus leading to greater transparency and predictability for all donors and the partner country alike. Joint Programming has the strong potential to act as a forum for EU MS and the EU to share and advocate a common EU vision on the ground and translate joint European values in cooperation with the partner countries.

It also has the potential, for partner countries, to bring a stronger and more coordinated response by donors to the **objectives of the national development plan** thus leading to more impact and a reduction in the transaction costs for the partner government as well as the possibility for partner countries to make the most of donors' specific expertise and comparative advantage on specific sectors.

Ownership and inclusiveness are perceived as key elements of success in managing diversity as countries need to be in the lead and include all relevant domestic stakeholders such as parliament, civil society and the private sector in addition to the international development partners active in the country.

EU MS report that knowledge sharing between partners in particular as regards **donor mapping exercises and aid management information systems** helps them to screen evidence on fragmentation of a sector or geographic region during the strategic planning of its cooperation in a given country.

Joint Programming is still in its early days and EU MS and partner countries are progressively starting to recognise its added value despite voiced criticism of it being time-consuming, experimental and context-specific. A number of EU MS consider that devolution of powers to their country level representations as well as more flexible legal and procedural procedures could help donors and agencies' ability to effectively participate in joint programming with partner countries.

It is this **"EU spirit"** i.e., the EU and its Member States acting in a more organised, concerted way that turns out to be a main driver of the Joint Programming process for EU MS. This marks a shift in perception from the previous Fast Tracking Initiative on Division of Labour which was perceived to be much more a technical exercise with limited political traction and impact.

Division of labour and Joint Programming

- 22 EU MS restrict or target the number of interventions **per sector**;
- 13 EU MS are engaged in the process of **concentration** and are either exiting or entering sectors in partner countries accordingly;
- **Joint Programming documents** have been drafted in 15 partner countries and preparatory work has started in an additional 12;
- **Roadmaps and reports** on Joint Programming implementation are issued for 16 partner countries;
- Belgium, the Czech Republic, Denmark, the European Commission, Finland, Luxembourg, the Netherlands have already issued **Joint Programming guidelines**;
- Denmark, France, Croatia, the UK and the EU **synchronise their cycles** to the cycle of all their partner countries; Austria, Belgium, Germany, Hungary, Ireland, Italy, Luxembourg, Latvia and Portugal synchronise to some partner countries' cycles.

Coherence of multilateral assistance

Assistance provided via multilateral channels has seen a steady increase over the past 20 years. Though OECD numbers clearly display that at the partner country level multilateral assistance is more concentrated than bilateral cooperation, the fragmentation has slightly increased since 2008. A number of initiatives have been put in place by bilateral aid providers in an attempt to **address the better management** of multilateral assistance and the proliferation of institutions that deliver multilateral assistance, such as the policy consultation forum for bilateral donors (the Senior Level Donor Meetings on Multilateral Reform) or the Joint donor assessments of multilateral organisations' performance via the Multilateral Organisation Performance Assessment network (MOPAN). Moreover, multilateral organisations themselves launched a series of **reforms to promote a more effective use of their overall funding** (both core resources and earmarked contributions). Examples are the World Bank trust fund reform, the UN Delivering as One initiative, the Funding reforms of the Quadrennial Comprehensive Policy Review (QCPR). Partner countries as the ultimate "owners" of the multilateral development system have to bear the consequences of fragmentation in form of piecemeal contributions with high transaction costs. **Rwanda** conducted a donor performance assessment which is a good example for donor-led coordination of bilateral and multilateral aid. However, despite these initiatives, progress has been slow and incremental possibly due to the vested and heterogeneous interests by the different stakeholders involved, i.e. bilateral aid providers, multilateral organisations, and partner countries. Busan signatories have yet not been able to agree on principles for guiding joint efforts to reduce proliferation of multilateral channels.

Countries that receive insufficient assistance

The issue of potentially under-aided countries has witnessed limited progress. One of the challenges has been the lack of consensus on what is meant by insufficient aid, how it should be measured and what the term **"aid orphan"** actually refers to. In addition, the decision as to which partner country will receive assistance by a donor is very much the decision of the donor, based on other criteria which may be more political by nature. Though multilateral organisations and the EU seem to be less biased as they allocate their resources on the basis of allocation criteria, they only partly and so far not in a conscious effort compensate for the neglect of countries by bilateral aid providers.

***SPAIN** has issued instructions to its field offices on the modalities of implementing Joint Programming. Spain's IVth Master Plan (2013-2016) focuses on fewer countries, themes and cross-cutting issues and includes criteria for selecting partner countries, applying the differentiation principle, redefining country and regional programmes and phasing out. As a result, in the coming four years, Spanish cooperation will close or redesign 29 country programs and will focus on a maximum of 23 partner countries. In relation to thematic concentration, the scope has been narrowed from 12 priority sectors in the 3rd Master Plan to 8 strategic orientations in the 4th Master Plan. At country level, concentration, prioritisation and differentiation will be implemented through strategic agreements called Country Partnership Frameworks (CPF/MAP).*

***CROATIA** has decreased the fragmentation of its ODA i.e. the number of small-scale projects has been cut from 573 projects in 2011 to 156 projects in 2012 and contributed to their enlargement. Croatia has also decreased the geographical fragmentation from 40 countries in 2010 to 19 countries in 2012. ODA has been strategically focused to four key sectors (thematic priorities included).*

***THE NETHERLANDS** have reduced the number of partner countries from 33 to 15, identified 4 thematic areas to be involved in: Water, Food Security, SRHR, Security and the Rule of Law. Embassies (country offices) are only allowed to be active in three of these four spearheads.*

***POLAND** is a member of Building Block 'Managing diversity and reducing fragmentation" and is committed to reducing fragmentation by taking part in the EU Joint Programming exercise that is being introduced in two of its priority countries of development cooperation, i.e, Georgia and Ethiopia.*

***AUSTRIA** has been working towards increasing awareness and preparedness of donor governments on division of labour and Joint Programming in order to reduce fragmentation and manage diversity. In Ethiopia Austria has been a key driver of the Joint Programming efforts.*

***PORTUGAL** has introduced an obligation for line ministries to have new projects and programmes submitted to Camoes Institute (cooperation agency) for prior approval (prior notice). In addition, Portuguese Cooperation reinforces its geographical concentration and sectoral concentration and is investing in larger projects within SWAPs and PBAs.*

***FRANCE** decided to concentrate its action where it can make a difference at its last inter-ministerial committee on international cooperation and development meeting. At least half of its grant aid will therefore be concentrated on 16 priority poor countries, 5 of which can be considered as aid orphans (according to the 2012 DAC report). France is also currently involved or getting involved in joint programming in 11 of its priority partner countries. France has decided to elaborate and adopt a global multilateral strategy by the end of 2014, in order to optimise the articulation between our bilateral and multilateral ODA and to deal with mitigating the risk of fragmentation within the partner countries.*

***SLOVAK REPUBLIC** has reduced the number of partner countries from 19 to 10 in the new Medium-term Strategy for Development Cooperation for 2014-2018. It has also limited sectors for interventions (3-4 per partner country). In line with the aim to decrease fragmentation further, Slovakia reduced the number of countries eligible for governmental scholarships from 35 to 12 countries as of academic year 2014/2015. With regard to strengthening in-country coordination and avoid duplication in the field, in 2013 Slovakia joined the Development Partnership Group in one of its programming countries – Kenya.*

Challenges

In some cases, donors' development policies continue to be **driven by headquarters**, leaving little space for real Division of Labour in the field. This is not the case of Denmark for example where Danish development cooperation is de-centralised and programming is done at country level by Embassy staff in partnership with the partner government, civil society and other donors.

Despite joint agreement by donors to co-ordination and division of labour, **political pressure from parliaments and CSOs on each donor to commit resources in many sectors and each of the MDGs actually create an incentive to further fragment**, thus stalling progress with Division of Labour.

Many donors are still acting individually and unilaterally when making decisions regarding the selection of partner countries, and the thematic areas. Exit from a partner country is still rather uncoordinated contributing to the problem of under-aided countries.

Joint Programming requires a change of mindset leading to a new way of working, moving towards coordinated action under one shared partner country strategy, based on the partner country's national development plans.

Joint Programming has great potential to improve harmonisation, coordination and division of labour by allowing interventions to align with national development plans and country systems;

Synchronisation of donors' cycles to partner development cycle remains a challenge for a number of EU MS whose system does not always foresee the necessary flexibility for doing so. Larger EU MS reportedly have less political will to synchronise.

Capacity constraints in embassies, partner governments and other development partners on the scope and aims of Joint Programming need to be addressed.

Despite the sharing of knowledge and good practices and through the Building Block on Managing Diversity and Reducing Fragmentation, some EU MS still feel that information on the work of the Building Block should be shared and disseminated more widely. In this vein, the Building Block website and a range of communication materials of the Building Block will be launched by early April 2014.

Use of country-level results frameworks: Many donors are developing their own result frameworks which could lead to a proliferation of results reporting systems across donors, each with their own indicators. Divergent indicators will place large demands on country systems and is contrary to the aid effectiveness agenda. The donor community should strive for the selection of internationally agreed indicators, for use by donors in their own results frameworks. EU Joint Programming provides a good framework in which (European) donors could work together for joint results indicators and joined evaluation at partner country level.

Coherence of multilateral assistance: Over the last years the share of earmarked contributions to multilateral organisations has significantly increased, which has impacted on organisations' overall performance and reduced their ability to plan activities and reforms, deliver according to their mandate and contribute to development results on the ground.

Case Study

Improving Efficiencies and Reducing Fragmentation in Ghana

Key country figures

- *Population: 24 million*
- *Donors present: Over 12*
- *Annual donor disbursement: $ ~2 billion, in 16 sectors*
- *EU donors present: EU; Czech Republic, Denmark, France, Germany, Italy, Spain, the UK and the Netherlands*
- *Annual donor disbursement, EU/MS:~25% of total*

The European Union and EU Member States' partnership with **Ghana** is presented as a **good practice with strong government-led coordination and focus on aid effectiveness**.

Ghana has been increasingly able to rely on national revenue to finance service delivery. Ghana's expanding delivery is supported by a lucrative oil industry (non-oil GDP growth rate averaged more than 8% since 2008). There are over **a dozen donors that disburse close to $2 billion annually in sixteen sectors**. Aid disbursed in 2013 was about a quarter the size of government revenue. The EU and 8 Member States in Ghana account for about ¼ of all disbursements, and just under half of bilateral grants to Ghana. The European Investment Bank (EIB) is a major source of development-related lending in Ghana. The EU is Ghana's most important trading partner.

EU donors contribute to better cooperation in Ghana by being 'first runners' in meeting international aid effectiveness commitments and supporting better coordination and effectiveness. Ghana has a well-designed national aid policy and strategy - which calls for the use of Joint Programming and division of labour to improve effectiveness and reduce transaction costs. The EU responded in 2012 by, proposing **Ghana as one of six countries world-wide to pilot Joint Programming**.

A comprehensive sector mapping was recently completed, confirming the benefits of better **division of labour** and **Joint Programming** for Ghana. Joint programming:

- capitalises on the comparative advantages of all EU and like-minded donors;
- builds on existing coordinated strategies and the national aid architecture;
- synchronises and aligns with national systems and polices while improving predictability;
- improves policy coherence and lowers transaction costs by reducing the proliferation of strategy papers and promoting the use of joint strategies and policies.

Donors and government signed a **Compact** in Ghana covering 2012-2022 that also includes a commitment to advancing on joint multi-annual programming in 2013. Brazil, Russia, India and China (BRICS) were also invited by Government to sign the compact. A Compact Task Force led by Government and donors, monitors and implements the Compact. The EU produced a joint EU multi-annual indicative plan (MIP) that improves predictability. EU Joint Programming process started on 29 February 2012 in direct support of the compact with the following notable benefits to date:

- A greater emphasis on using **common national, quantifiable results indicators**.
- Better communicating to Ghana and its citizens the value of the EU-Ghana development partnership.
- A new focus on how **donors complement government** and can pursue **catalytic opportunities**.

Government's commitment to aid effectiveness, maintaining databases and ensuring an effective national aid architecture (coordination structure) are vital enabling factors supported by a clearly elaborated national aid policy. Government investment in monitoring and analysis has also proven instrumental to delivering aid effectiveness results. In 2009 Ghana established the Development Partner Performance Assessment Framework that is the basis for dialogue, communicating progress to date and identifying opportunities for greater impact.

Thematic Paper

Focusing on Development Results

"Managing results helps to give us a clearer idea of what is working".

***Andris Piebalgs**,*
EU Commissioner for Development

Focusing on Development Results

Managing for Development Results has emerged as a centrepiece of global efforts to improve public management, achieve the Millennium Development Goals (MDGs) and implement the principles of the Paris Declaration. The Results and Accountability agenda was strongly reaffirmed in the Busan Global Partnership, focusing on key principles of transparent, country-led and country level results frameworks.

An EU approach

In their **EU Common Position** for the Busan Fourth High Level Forum on Aid Effectiveness, the EU institutions and EU Member States clearly prioritise achieving sustainable development results as the overall objective of the aid effectiveness agenda: "the ability to deliver, measure, demonstrate and account for sustainable results should be at centre stage". At the EU level, the European Commission (EC) has played a leading role in supporting partner country Results framework, and is providing centralised coordination for the EU Member States (EU MS) contributions to progress.

In 2011, the EC presented its "**Agenda for Change**" and reform proposals, setting out a more strategic EU approach to reducing poverty, including a more targeted allocation of funding. The Agenda for Change underlined the need for **a Common Approach towards Results.** An EU experts' group on Results was set up to draw on the experiences of selected EU Member States and some multilateral donors in view of pursuing this **common approach** to the management of development results.

Highlights of progress

The EU and its Member States are increasingly supporting the implementation of country-level results frameworks and platforms, and participating in mutual accountability arrangements. There is a notable increase in the number of EU MS that are participating in country-level results frameworks and platform**s and** mutual accountability arrangements **in 50% or more of their priority countries**[1].

- **Sixteen EU MS and the EU participate in mutual accountability arrangements in 50% or more** of their priority countries. Out of these, **twelve EU MS** participate in mutual accountability arrangements **in over 80%** of their priority countries. **The EC and 24 EU MS participate in mutual accountability arrangements in over 10%** of their priority countries;
- **All 28 EU MS and the EU participate in country-level results frameworks** and platforms in at least 10% of their priority countries, and **15 EU MS and the EU do so in 50% or more**. Of these, **7 EU MS** participate in country-level results frameworks and platforms **in over 80%** of their priority countries. The EU, on its part, participates in country-level results frameworks, platforms and mutual accountability arrangements for **50-80% of its priority countries**. This includes participation in coordination meetings to develop such frameworks, and dialogue with partner governments.

1 Source: Submissions to the EU Accountability report 2014

Busan commitments:

§18. Together, we will increase our focus on development results. To this end:

a) Development countries' efforts and plans to strengthen core institutions and policies will be supported through approaches that aim to manage - rather than avoid - risk, including through the development of joint risk management frameworks with providers of development cooperation.

b) Where initiated by the developing country, transparent, country - led and country- level results frameworks and platforms will be adopted as a common tool among all concerned actors to assess performance based on a manageable number of output and outcome indicators drawn from the development priorities and goals of the developing country. Providers of development cooperation will minimise their use of additional frameworks, refraining from requesting the introduction of performance indicators that are not consistent with countries' national development strategies.

c) We will partner to implement a global Action Plan to enhance capacity for statistics to monitor progress, evaluate impact, ensure sound, results-focused public sector management, and highlight strategic issues for policy decisions.

d) As we deepen our efforts to ensure that mutual assessment reviews are in place in all developing countries, we encourage the active participation of all development cooperation actors in these processes..

***SPAIN** is performing "collaborative evaluations" with partner countries, in an effort to review practices with best results, and try to reconstruct the process from the beginning within the underlying theory of change. The evaluations aim to establish causative pathways to follow for future interventions. Collaborative evaluation subsequently also leads to collaborative planning.*

Furthermore, Spain has issued its IV Master Plan (2013 – 16) which stresses the need for a realistic vision for Spanish assistance and is focused on delivering development results in areas where Spain has comparative advantage and can add value. "By 2016, Spanish Cooperation will focus on 5 countries in South America (Bolivia, Colombia, Ecuador, Paraguay and Peru), down from 10 in the previous planning period. The new Country Partnership Agreements with these 5 countries will be negotiated within a Development Results Framework and with a focus on fewer themes".

***FRANCE** released a new interactive website on French aid to Mali. This website is a innovative approach which provides information not only on the data available for each project (: budget, type of aid, partners, etc) but also on outcome and results of each project. The initiative also launches innovative ways of soliciting input from citizens: the website allows the return of all citizens (in Mali or anywhere else) on these projects by text message and email, as part of a "citizen control" approach. Each web user can ask questions on project execution or assess the way it is effectively implemented (http://transparence.ambafrance-ml.org/).*

*In the wake of its Busan commitments, **FRANCE** has developed a set of 30 results indicators to monitor and assess its bilateral and multilateral aid's results. This framework has been institutionalised through a Primer minister's decision and a law.*

- The EU MS and the EU have been collectively active in **building partner statistical capacity** through various actions: technical assistance in the framework of budget support, capacity building programmes, statistical cooperation projects, cooperation between EU MS national statistics office and partner country statistics offices.
- The **EU and 15 EU MS** support partner countries' statistical capacities for monitoring progress and evaluating impact. The EU and EU MS reported **over 180 actions** taken in 2013 - 2014 to step up support in the sector –and further support is often integrated in programme design.

EU donors actively support country level processes and platforms on results frameworks, a process which is becoming more inclusive, involving non-state actors like civil society and private sector organisations in country priority setting.

As part of the promotion of a **common results-based approach**, the EU is designing its Development and Cooperation Results Framework, which will be based on partner countries' own poverty reduction and related strategies. It will draw on both country-level results frameworks and donor experience, and aim at strengthening accountability, including mutual accountability, and transparency.

There has been considerable progress on the part of the EU MS in contributing to setting up results frameworks. Medium term national development planning (NDP), increasingly based on wide-ranging consultation, is now well entrenched; based on the NDPs, Performance Assessments Frameworks (PAFs) have also been developed and agreed upon; a number of EU MS, e.g. Denmark, Finland, Germany, Ireland, Sweden, and the United Kingdom (UK) are providing country strategy papers which are focused on results and are based on country results frameworks.

All EU MS use **a results-oriented matrix approach** when designing new programmes and projects, defining results for programming in different sectors and stating objectives, results and indicators of achievement. The matrix is used to assess progress and monitor external factors impacting on the achievement of objectives. Also, some EU MS such as Hungary **sign agreements** with the beneficiary countries and institutions stating the joint responsibilities on all phases of the implementation and the impacts and evaluating procedures**.** EU MS have reported that **mindsets are already changing** the culture from input orientation is shifting towards more focus on outcomes and impact.

The renewed commitment of the EU MS and the EU for Joint Programming is a promising development given its potential for further alignment of donor's planning cycle with partner countries planning cycles.

For its part, the **European Investment Bank (EIB)** has introduced a new Results Measurement framework (REM) to improve the assessment of project results, enhance the Bank's ability to report on actual results achieved and contribute in a more meaningful manner to development effectiveness. The framework is designed to be sufficiently flexible to reflect differences in regional economic and social environments and to align in the future with changing demands.

EU MS and the EU are participating in **joint evaluations** and "**collaborative evaluations**" (from both donor and partner country perspective) of various programmes in partner countries. Other initiatives such as the Private sector IFIs initiative in which the EIB has participated, have also helped harmonise indicators across different IFIs.

Under the **EU Blending Platform on External Cooperation** (EUBEC), the EC and the Financial Institutions have established a common results framework for regional blending mechanisms which sets out a common set of indicators and methodology for blended operations. This has resulted in harmonisation of indicators measured, as well other related elements such as additionality or leverage. This important step forward is in line with the request for a common results framework between different types of financing instruments and institutions, and will facilitate monitoring for partner countries as well as for tracking progress on development results.

Over the past two years, a number of initiatives have been taken in order to promote the **results and mutual accountability agenda** and to identify ways in which it can be implemented. Some EU MS (EU, France, Germany, Sweden, Finland, and Denmark) participate in the Building Block on Results and Mutual Accountability. The building block organised meeting and regional workshops for open and interactive discussions on ways to best feature the concepts and lessons learned on mutual accountability and effectiveness of development cooperation. It examined how to conceptualise accountability in development cooperation and to define concrete features and elements of an effective country-led results framework, drawn from the national development plan, to engage all development cooperation providers and to ensure sustainable results.

Experience and lessons learned sharing on results and accountability frameworks has also been organised with the support and participation of the EU and EU Member States including on how to build on existing mechanisms/ initiatives and further strengthen them.

The EU and EU MS have provided support to partner countries' statistical capacities for monitoring progress and evaluating impact with activities including technical assistance and capacity building for national statistics institutes (data collection, harmonisation and compliance criteria, decentralisation, etc.) in the form of trainings, scholarships and transfer of knowledge.

Challenges

Results management is cross-cutting and touches upon all aspects of development cooperation. The level of political commitment to push the "Managing for Results" agenda forward remains high in the EU; however some challenges remain in practice such as the partner countries capacity in coordinating the data collection efforts of the various ministries and agencies. Some EU MS believe that parliaments and local/ sub-national government agencies need to be involved more significantly in measuring results and setting up the processes that work towards inclusive country frames, incorporating multiple stakeholders.

The transition from monitoring activities to monitoring results – **"Evaluative thinking"** – implementing with results-oriented evaluation in mind is not yet incorporated into methodologies. Current data is part of a different process, not results based; and therefore some data is "lost in translation"-actual impact will become visible over time. Development of the M&E systems still needs further adjustment to become fully results–oriented.

***The NETHERLANDS** have developed a results framework for its 4 thematic areas, and publish these results on an annual basis.*

*Cooperation with **FINLAND**'s 6 key partner countries is employing results-based country strategies that are directly linked to partner countries' own development strategies. Partner countries participate in the setting of objectives as part of the dialogue.*

***The EIB** Results Measurement (ReM) framework is the Bank's tool to further strengthen its assessment, measurement and reporting on the results and impacts of its operations, launched in 2011. The ReM framework seeks to harmonise, to the extent possible, results indicators with other international financial institutions and thereby simplify client reporting requirements for co-financed operations. The Bank is engaged in a working group that brings together IFIs and European development finance institutions and aims to harmonise sector-specific results indicators for private sector operations.*

Joint Evaluation Of The Budget Support To Tanzania for 2005 -2012

In August 2013, an independent evaluation of the Budget Support to Tanzania was completed on behalf of the Government of Tanzania and its Budget Support providers, the African Development Bank, Canada, Denmark, the European Union, Finland, Ireland, Japan, Germany, the Netherlands, Sweden, the United Kingdom and the World Bank. During the period from 2005/06 to 2011/12, Budget Support operations in Tanzania amounted to almost US$ 5,000 million - an average annual disbursement of US$ 694 million.

Coordination between donors and the partner countries is crucial. There are strong efforts to closely coordinate the process, both within the EU MS and the EU with the partner countries. Now that EU and MS are rationalising the number of partner countries they work with and limiting the number of thematic areas, a coordinated focus on results becomes more feasible.

To date, different monitoring systems are being used in partner countries; many donors are developing their own result frameworks. This could lead to a proliferation of results reporting systems across donors, each with their own indicators. Divergent indicators will place large demands on country systems and is contrary to the aid effectiveness agenda. In the context of EU-Joint Programming, (EU) donors aim to work together for joint results indicators and joined evaluation at partner country level.

Effective and inclusive partnership in support of development goals still needs to be reinforced. Mutual accountability frameworks for instance, are often limited to the participation of the partner country and donors, leaving the other stakeholders outside the process.

Limited capacity of some partner countries to carry out their monitoring and evaluation function is constraining an improved results orientation. The EU and MS are increasingly emphasising their support to more effective M&E systems. Is important to highlight the need for initial requirements to drive mutual accountability efforts while defining associated monitoring and evaluation systems that truly reflect an accomplishment of development results. Objectives need to be agreed and defined with associated indicators, baseline and targets that can be measured by both parts and that are included or referred to in national development strategies, sector plans and other frameworks. The recipient country's capacity to monitor those indicators should be one of the main concerns, primarily in fragile states.

Transparency in making the process and outcomes of development interventions public is seen to accelerate local change. While some countries have implemented innovative ways of soliciting inputs from citizens, getting feedback from citizens on government performance, and disseminating information about plans and performance, many partner country governments are still reluctant to employ such methods. On the donor side, the EU and its MS are increasingly involved in providing transparent information to its population about development cooperation they are funding.

Availability and resources of the Building Block is another important factor. One of the key objectives of the dedicated post-Busan Building Block is to promote Country Results and Mutual Accountability Agreements. The message from the EU and EU MS feedback is that a stronger engagement of the parties in the Building Block would help achieve further progress. The EU and MS are committed to support these developments.

While progress has been made, many national **Mutual Accountability** agreements are still to be established. Partner country aid policies and targets for individual providers are little developed. The aid architecture with multi-stakeholder platforms is often available, but monitoring and performance assessment remains mainly focused on the recipient side, less on the provider side. The effectiveness of a national level mutual Accountability system depends to a large extent on the political leadership. In fragile contexts, mutual accountability arrangements become more complex.

Case Study

Sierra Leone - Graduating from Fragility

Sierra Leone is one of the world's poorest countries, lying eleventh from the bottom of the UN's Human Development Index, with some of the worst social and economic indicators in the world. Despite this, the country's prospects are rapidly improving as it has emerged from a decade long conflict and the benefits of lasting peace and steady economic growth slowly begin to trickle through.

After more than ten years of peace, the country is now entering a crucial phase in its efforts to **graduate from Fragile State status** and move on to a more stable development track. A large measure of stability has been achieved and there is now the potential for sustained and rapid economic growth if projected minerals and hydrocarbon wealth are used properly to develop the nation. The country is currently experiencing a double-digit growth spurt as iron ore production comes back on line after a 30 year gap. High levels of growth are expected to continue for several more years. But there are no guarantees.

Sierra Leone's transition out of Fragile State status is expected to be accomplished during the lifetime of the current government. The country has already passed the threshold for graduation set by the World Bank's Country Policy and Institutional Assessment (CPIA) index. This process (which will take three years) can formally begin following the drawdown of the United Nations peace building mission (UNIPSIL), which took place in March 2014. This will **move Sierra Leone into the category of "Low Income Countries" (LICs)**, and signal a significant change in its international standing. Among other things, this transition should send a strong signal to the market that the country has left behind its war torn past and is open for business.

In July 2013, the government launched its new five-year national development plan "The Agenda for Prosperity". This aims to use the country's mineral resources to promote broad-based, job-creating and sustainable growth. To support this transition, **a Mutual Accountability Framework (MAF)** has been agreed between government and development partners in line with the commitment made by Sierra Leone at Busan to be **one of seven pilot countries for the implementation of a "New Deal for Engagement in Fragile States"**.

The MAF sets out the mutual commitments needed to keep Sierra Leone moving away from fragility and to deliver the vision set out in the Agenda for Prosperity. Through the MAF, key reforms will continue to be made in key areas such as governance, public financial management and service delivery. Donors will support this by **aligning assistance** with the pillars in the Agenda for Prosperity and work with government towards the wider use of country owned systems and deliver aid more predictably and transparently.

The core elements of the deal are the **results framework for the Agenda for Prosperity**, the **annual Progress Assessment Framework** containing a set of key reform priorities currently linked to the provision of General Budget Support, the **assessment framework for the Millennium Challenge Corporation**, and the **World Bank's annual Country Policy and Institutional Assessment (CPIA) score**. Embedded within this are set of "Partnership Principles", underlining a government commitment to pro-poor public spending, respect for human rights, transparency and good governance. The **Peace-building and State-building Goals (PSGs)** that lie at the core of the "New Deal" are also built into the MAF. A Fragility Assessment has been conducted to set a baseline, drawing on the views of all major interest groups in Sierra Leone, including civil society. A set of key PSG indicators have been selected for this, and the assessment will be updated at appropriate intervals.

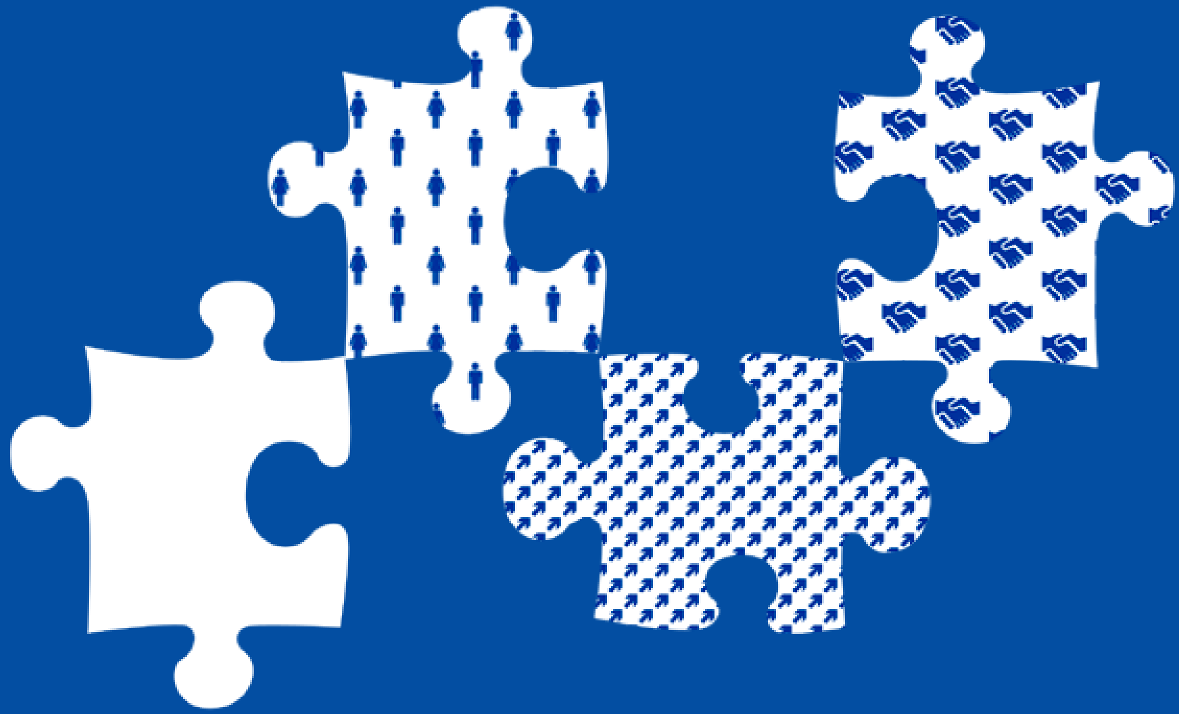
A **performance "dashboard" was adopted in February 2014, to monitor progress against the MAF** and make sure government and development partners deliver their mutual commitments in all these areas. This includes Busan indicators from the global monitoring framework to provide timely, predictable and transparent assistance and make more use country systems and results frameworks. This will be mutually reviewed by government and development partners on a quarterly basis to ensure a focus on results.

The deal creates a powerful focal point for dialogue and mutual accountability. The level of challenge in delivering the plan itself remains high, but both government and donors can now move forward with greater assurance that the key factors driving success (including strengthening governance and accountability and ensuring that mineral wealth is used for the common good) are firmly on the table and in the spotlight.

Thematic Paper

Inclusive Development Partnerships

- Civil Society Enabling Environment
- Gender Equality and Women's Empowerment
- Private Sector and Development



Civil Society Enabling Environment

The Fourth High Level Forum (HLF) in Busan put inclusiveness at the core of effective partnerships for development and called all actors to have a complementary role to play in achieving development goals. It encouraged the active participation of non-state actors as "full and equal participants", creating as such a broadened agenda to include a wider range of development actors, including Parliaments, Local Governments, the private sector, Civil Society Organisations (CSOs), etc. The Busan Partnership agreement set commitments for the engagement of civil society and other actors to enable them to contribute to development and encourage greater accountability. Parliaments and local governments are valued for the critical roles they play in linking citizens with government, and in ensuring broad-based and democratic ownership of countries' development agendas. CSOs are valued as partners since they enable people to claim their rights, promoting rights-based approaches, in shaping development policies and partnerships, and in overseeing their implementation. They also provide services in areas that are complementary to those provided by states.

As per the **"EU Common Position for the Busan High Level Forum"**, the EU and EU MS see inclusive partnerships as fundamental for aid to achieve sustainable development results. CSOs and Local authorities (LAs) - defined as public institutions with legal personality, component of the State structure, below the level of central government and accountable to citizens - along with other development actors, are essential in building the foundations for **broad-based democratic ownership of development policies** and processes as well as for inclusive and sustainable growth.

The EU and EU MS have engaged in a successful **"Structured Dialogue for an effective partnership in development"** with CSOs and Local Authorities from Africa, Latin America and the Caribbean, Asia and the Pacific, and from Europe. The initiative represented one of EC answers to the Aid Effectiveness Agenda, and more particularly, to Articles 13b and 20 of the Accra Agenda of Action. It aimed at increasing the effectiveness of all stakeholders involved in EU development cooperation by finding a common understanding on the main issues linked to CSOs and LAs involvement in EU development cooperation. The outcomes of the year-long consultations fed the EU Common position for Busan.

Embedding inclusive partnerships into EU policies

The role of the CSOs and LAs as development actors in their own right has been reaffirmed by the EU in the November 2011 "EU Common Position for the Fourth High Level Forum on Aid Effectiveness", stating that:

§48. Building on the results of the Structured Dialogue, the Busan outcome should reaffirm the recognition of civil society organisations (CSOs) as independent actors in their own right, the need to strengthen a conducive regulatory and legal environment for civil society, and the role of local actors in initiating specific interventions supportive of local needs.

§49. The EU recognises the efforts made by civil society organisations and local authorities from donor and partner countries to enhance the accountability, transparency and integrity of their operations, and calls upon them to continue these efforts based on self-regulatory mechanisms such as the Istanbul CSO development effectiveness principles.

Busan commitments:

§11c. ***Inclusive development partnerships.*** *Openness, trust, and mutual respect and learning lie at the core of effective partnerships in support of development goals, recognising the different and complementary roles of all actors.*

§12a. *"Deepen, extend and operationalise the democratic ownership of development policies and processes."*

§21a. ***Accelerate and deepen*** *the implementation of existing commitments* ***to strengthen the role of parliaments*** *in the oversight of development processes, including by supporting capacity development - backed by adequate resources and clear action plans.*

§21b. *Further support local governments to enable them to assume more fully their roles above and beyond service delivery, enhancing participation and accountability at the sub-national levels.*

§22a. *Implement fully our respective commitments to* ***enable CSOs*** *to exercise their roles as independent development actors, with a particular focus on an enabling environment, consistent with agreed international rights, that maximises the contributions of CSOs to development.*

§22b. *Encourage CSOs to implement practices that strengthen their accountability and their contribution to development effectiveness, guided by the Istanbul Principles and the International Framework for CSO Development Effectiveness.*

§23b. *"Focus, at the country level, on establishing transparent public financial*

management and aid information management systems, and strengthen the capacities of all relevant stakeholders to make better use of this information in decision-making and to promote accountability."

***AUSTRIA** financially supported two major civil society processes leading up to HLF4 in Busan – the Open Forum for CSO Development Effectiveness and the Better Aid platform. Thanks to these processes a large number of CSOs worldwide participated in shaping the post-Busan development effectiveness agenda and the CSO contribution to it. These processes now continue in the CSO Partnership for Development Effectiveness (CPDE), formed in 2012. At home, the Austrian Foreign Ministry leads a structured dialogue with the Austrian CSO platform for development and humanitarian aid, which also participates in the global CPDE.*

***FRANCE** decided to renovate its development assistance policy in 2012. A broad consultation with civil society, NGOs and private sector was led during 4 months. At the end of this process, and further to the requests from French parliamentarians and NGOs, the French President announced his willingness to adopt the first French law on development policy. The main objective of this law is to promote sustainable development in developing countries in its economic, social and environmental components, focusing on the principles of effectiveness, transparency, accountability and coherence, and recognising the key role of NGOs, trade unions and local authorities in development and international solidarity. The law has been adopted by the French National Assembly in February 2014.*

***HUNGARY**'s institutional arrangement for enabling CSO and private sector participation is the "Civil Advisory Board" of the Hungarian IDC which is basically a public-private consultative forum.*

§50. Private foundations should also be called upon to make adaptations to the Istanbul principles to fit their activities and partnerships. International CSOs and private foundations, when acting as donors, should promote local ownership by acknowledging the lead of local civil society in identifying local development needs.

§51. The Busan outcome document should emphasise the importance of inclusive economic growth, local private sector development and public-private partnerships for achieving the MDGs.

Highlights of progress

Since Busan, the Commission has further developed its **policy provisions relating to CSOs and to LAs**. "Support to" and "participation of" CSOs and LAs in pursuit of internationally agreed goals and development effectiveness are acknowledged as a core EU policy orientation.

In 2012, the policy orientations contained in the Communication **"The Roots of Democracy and sustainable development"**, endorsed by the Council of the European Union, proposed an enhanced and more strategic EU engagement with CSOs in developing, enlargement and neighbourhood countries, with a particular focus on local civil society organisations. **An empowered civil society** is valued as a crucial component of any democratic system and as an asset in itself. Recognising the importance of constructive relations between states and CSOs, the Communication puts forward three priorities for the EU: (i)To enhance efforts to promote a conducive environment for CSOs in partner countries. (ii)To promote a meaningful and structured participation of CSOs in domestic policies of partner countries, in the EU programming cycle and in international processes. (iii)To increase local CSOs' capacity to perform their roles as independent development actors more effectively.

It also outlines **a new approach to support CSOs** with regards to the promotion of inclusive and sustainable growth as well as in service delivery. As for the latter, it emphasises the need to build quality systems, sustainable over time, with clear division of labour between public authorities and other stakeholders to avoid duplication, parallel structures and overlap.

In 2013, new policy orientations were also proposed in the Communication **"Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes"**. Endorsed by the Council of the European Union, they set new strategic priorities for the EU in supporting LAs in partner countries to unlock their development potential. As the public administration closest to citizens, LAs hold special institutional responsibilities in enhancing citizens' participation in decision-making, with the objectives of good governance and sustainable development at local level. This becomes even more relevant in those countries that have already started public sector reform and proceeding toward the decentralisation of powers, responsibilities and resources. Focus should then be on empowering LAs and Association of LAs, to enable them to contribute to the achievement of more effective development objectives while responding to citizens' demands and to promote inclusive and sustainable local development.

In both policies, **the EU recognises that Governments can benefit from the constructive participation of CSOs, LAs, and the private sectors among others** - in the development, implementation and monitoring of national strategies, at all levels.

Since Busan, the **EC has advocated and proposed many innovations** and forward-looking developments, notably at the policy and the programmes levels.

New policy directions have been set and the new provisions translated into the Regulations (legal basis) for the external relations instruments covering the period 2014-2020. In particular, both the Regulation 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action and the Regulation 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020 **foresee a strengthened role for CSOs and LAs so as to duly consult them to ensure that they play a meaningful role in the preparation, implementation, monitoring and evaluation of EU aid**, and to duly consider their specificities.

New policy provisions have also been mainstreamed into new programmes and instruments of EU external relations valid in all regions of the world. Furthermore, special capacity building programmes are tailored to support specifically CSOs and Local Government.

At country level, the implementation of the new policy on CSOs opens up promising perspectives with the proposals to elaborate EU Country Roadmaps for engagement with CSOs. As envisaged in the Communication "The Roots of democracy and sustainable development", the EU and its Member States should develop **country roadmaps** to activate and ensure structured dialogue and strategic cooperation, improve the impact, predictability and visibility of EU actions, and ensuring consistency and synergy throughout the various sectors covered by EU external relations. These roadmaps are also meant to trigger coordination and sharing of best practices with the Member States and other international actors, including for simplification and harmonisation of funding requirements. EU Delegations should coordinate the process locally.

Furthermore, the EU has given particular attention to **improve the dialogue among European institutions, CSOs and LAs from Europe and Partner countries**. In addition to existing mechanisms for consultations on policies and programmes the European Commission has set up a consultative multi-stakeholder group allowing CSOs, LAs, and relevant development actors to dialogue with the EU institutions on EU development policies. The dialogue mechanism, called **"Policy Forum on Development"** gathers twice a year representatives of transnational networks of CSOs (NGOs, Trade Unions, Cooperatives, Chambers of Commerce, Foundations, etc.) and networks of Local Authorities from the EU and partner countries. The identification of regional and global networks has been key in the establishment of this forum to encourage and foster real representativeness of participating actors.

***GERMANY**'s Federal Ministry for Economic Cooperation and Development (BMZ) finalised its first Strategy on working with civil society in German development policy in 2013 following intensive dialogue with CSO stakeholders. The strategy is focused on BMZ's cooperation with German civil society, and quite comprehensively addresses many of the OECD's 2012 recommendations. Throughout the strategy, the BMZ's belief that "a strong and vibrant civil society forms part of any properly functioning democracy…. [and] can play such a key role in partner countries as an engine of sustainable development" is evident.*

***FINLAND** reports about 300 Finnish civil society organisations taking part in development cooperation activities either by implementing projects or by disseminating information about development policy and development issues. NGO representatives are invited to participate in all outreach activities and hearings as part of policy formulation, e.g. Post-2015 Agenda preparation. NGO's are also represented in the Development Policy Committee that follows and evaluates Finland's activities in policy areas which influence the developing countries.*

***PORTUGAL** reports that the Busan principles are integrated in the national strategy for development cooperation – "Conceito Estratégico da Cooperação Portuguesa 2014-2020" approved in Council of Ministers Resolution nº17/2014 in February, and in the new generation of bilateral programs with each priority country.*

Portuguese Cooperation has created a forum - Development Cooperation Forum – that joins on a regular basis public and private entities, such as NGOs, Foundations and Private Sector Associations.

POLAND*'s development has been carried out on the basis of the Development Cooperation Act since 2012. According to the Act, the Development Cooperation Programme Board composed of representatives of different ministries, parliamentarians, NGOs, employers' organisations and academia is responsible for tabling geographical and thematic priorities for development cooperation, assessing draft annual and multiannual development co-operation programmes, evaluating Government administration bodies' annual reports on fulfilling development cooperation tasks and issuing opinions on development cooperation documents drafted by the Government.*

SPAIN i*s Implementing funding instruments for an enabling environment for CSOs. Spain's AECID NGOs funding frame regulation established separated credit for AECID pre-qualified NGOs. This implies earmarking more funds for multiannual partnership agreements ("convenios"), awarded only to pre-qualified NGOs after a rigorous assessment, negotiation and selection process. It also included aid effectiveness criteria to assess proposals, especially results based management and transparency and accountability mechanisms. Finally, the need to design Biennial Evaluation Plans was laid down, to produce more strategic country-focused evaluations of NGOs initiatives. In September 2013, the regulations concerning the pre-qualification of NGOs have been improved to further assess independence and social support of NGOs, as well as results delivery.*

In ***LUXEMBOURG****, a working group between the Ministry and the Cercle des ONG meets four times a year to encourage mutual updates and discussions of forthcoming issues. The Cercle is also invited once a year to participate in the meetings of the inter-Ministerial committee on development cooperation (Luxembourg Ministry of Foreign Affairs, 2013).*

There is a v**ery strong alliance of the EU institutions and the EU MS** on the issues related to inclusive partnerships. The EU has a broad representation at the Global Partnership and supports the active participation of CSOs in the Steering Committee of the GP, along with Local Governments. Ahead of Busan, a coalition of like-minded European donors (Nordic +) Irish Aid, Sweden, and the European Commission amongst others participated in the Task Team on Civil Society Development Effectiveness and Enabling Environment (currently chaired by The Netherlands) to contribute to Busan. The task Team is nowadays contributing to Monitoring Framework of the Global Partnership to measure progress in the implementation of Busan commitments.

The EU and EU MS development programmes - Several EU MS are updating or developing strategies or guidance tailored for specific tracks of CSO engagement, while integrating civil society considerations into other policies. Finland's Ministry of Foreign Affairs for instance has since 2010 had a combined policy and guidance document entitled Guidelines for Civil Society in Development Policy, and in 2012 elaborated a "principles and priorities" document specific to its international NGO funding. CSOs, as funding partners and as integral actors in social, economic and democratic development, are integrated throughout the Ministry's (2013) high-level development policy, which also outlines steps to help CSOs strengthen their development effectiveness. The Netherlands' Ministry of Foreign Affairs has undertaken a substantial evidence gathering exercise and engaged its CSO constituents in a process of dialogue toward updating its civil society policy, as are Denmark and Sweden. Some are integrating consideration for the role of civil society, both as watchdog and collaborator in the pursuit of inclusive private sector development.

A number of EU MS are updating or replacing older civil society policies to incorporate lessons and ensure that the policies reflect donors' current reality and desired directions. The Netherlands' Ministry of Foreign Affairs has undertaken a substantial evidence gathering exercise and engaged its CSO constituents in a process of dialogue toward updating its civil society policy, as are Denmark and Sweden.

Increased financing to CSOs and to LAs – The EU and EU MS, e.g Germany, Denmark, Sweden, Ireland and UK (DfID) maintain funding envelopes that continue to respect CSOs' right of initiative[1]. Particular attention is paid to the fact that the EU systematically facilitates CSOs oversight role when budget support is used, among others by allocating part of the budget support envelopes to capacity building for CSOs.

1 Review of Evidence of Progress on Civil Society-related Commitments of the Busan High Level Forum, December 2013

The EU has increased its financing for CSOs and LAs - As a way of example, one single programme of support - among the various - has been increased from € 1.5 billion to almost €2 billion for the period 2014-2020. Many EU MS have done the same. During the period 2007 -2013, around 15% of EU ODA went to CSOs, for an amount of around € 1.3 billion per financial year.

Finland´s financing to CSO´s development cooperation has increased from €88 MEUR in 2011 to 114 MEUR in 2014, representing 13% of the Ministry for Foreign Affairs' development cooperation funding. France is doubling its funding to CSOs over the period 2012-2017.

Strengthening of accountability - The accountability aspect is becoming more and more part of the dialogue between the EU and CSO's. The procedures for applying grants for CSO activities and reporting of progress favour result orientation and thereby also encourage the organizations to strengthen their accountability. CSOs are getting more involved in mutual assessments. Developing the country results framework has become more inclusive; non-state actors like civil society and private sector organizations are getting more involved in country priority setting. Involvement of Parliaments and local/sub-national government agencies is increasing. The EU is actively supporting country level processes and platforms on results frameworks. E.g. Spain, in its 4th Master Plan 2013-2016 foresees the elaboration of a Partnership Strategy with NGOs as a result of a participatory process involving all the concerned stakeholders. This Strategy will clarify policy outlines, including a further revision of funding instruments (not only those managed by the Spanish Agency for International Development Cooperation - AECID, but also those administered by autonomous regions and local authorities).

Transparency - The need for transparency of information on CSOs' financial flows, including CSOs' own financial contributions to development cooperation - is an area of particular relevance. A CSO Working Group has been collaborating with the International Aid Transparency Initiative (IATI), both to promote CSOs to publish their data to the IATI standard, and to try to render the IATI standard sensitive to CSO ways of operating[2]. Many CSOs are already involved in IATI in a number of different ways, e.g. Publish What You Fund, Transparency International, the BetterAid platform, the INGO Accountability Charter and the International Budget Project are all members of the IATI Steering Committee. IATI registry lists 144 CSOs as having published at least one data set to the IATI standard. DfID is providing support to train and support UK CSO partners to publish to the IATI standard. Another CSO platform in the Netherlands is similarly working with its membership to understand the implications of the IATI standard for improved CSO transparency.

Media communication and information - Enhanced focus on media communication and information ensures involvement of citizens in choosing and overseeing those who govern them and ensures accountability of service delivery. The EU is developing a comprehensive approach to democratic governance in development cooperation, that includes respect of human rights and fundamental freedoms such as freedom of expression and ensuring transparency and guarantee the public's right to access to information and government data mainstreamed across all sectors.

Some **EU good practice of meaningful and systematic CSO dialogue** is evident.

*To increase democratic ownership of development policies, **FRANCE** maintains a continuous dialogue with CSOs on its development policy, and is currently examining a bill on development and international solidarity programming. In December 2013, a national Council for Development and International Solidarity bringing together all stakeholders involved in French development policy (CSOs, trade unions, local authorities, enterprises, research institutes...) has been established. As part of its new framework document on CSO partnerships, the French Development Agency has launched 6 working groups on internal procedures, involving CSOs, which will focus on transparency, accountability, the simplification of administrative procedures, tools to support CSO advocacy and networking. In 2014, several French embassies are experimenting a new civil society fund aiming at building CSO capacity to participate in public debate and engage in human rights issues.*

***UNITED KINGDOM** (DfID)'s Programme Partnership Arrangements (PPAs) Learning Partnership component provides another example. A 2013 evaluation of the PPAs by the UK's Independent Commission for Aid Impact (ICAI) ranks the Learning Partnershipvery favourably, noting it "has proved highly effective at promoting joint learning and innovation, to the benefit of both PPA holders and the wider community of development CSOs" (ICAI, 2013, p. 1). The Learning Partnership facilitates four Learning Groups, which commission reviews and organise regular learning events, to which CSOs (PPA and non-PPA-holders) and DfID staff are invited. The Learning Groups cover the following topics: Measuring Results in Empowerment and Accountability; Inclusion (with a sub-group on Gender); Resilience; and Institutional Effectiveness.*

2 IATI CSO Working Group, 2012

Challenges in promoting inclusive partnerships

The EU fully supports the promotion of multi-actor partnerships for improved development outcomes.

While there is consensus on this, more needs to be done in order to get the Busan Partnership agreement and its commitments accomplished.

The active contribution of all development stakeholders is required, but despite the increasing recognition of CSOs and LAs as partners in development, they still face significant constraints, hampering their capacity to effectively contribute to governance, development, and poverty reduction.

First and foremost, inclusive participatory policy-making processes are complex exercises that require **political will.** Secondly, CSOs and LAs' ability to contribute to development depends on the context in which they operate: their **"enabling environment".**

Both need a set of guarantees that ensure rights and opportunities to operate, act and perform. In the case of LAs, it is meant as a **conducive legal and policy environment for decentralisation and/or on institutional and capacity development**, in order for Local Authorities to enjoy a certain degree of autonomy to fulfil their functions as mandated by law. The absence of enabling conditions often constrains their ability to address and respond to development challenges.

Dialogue needs **adequately structured mechanisms**, spaces for interactions and operating rules, specific skills and analytical capacities and competences, both on the side of CSOs and public authorities.

Both actors face challenges in relation to their own **governance and accountability**, which can substantially hamper their credibility and effectiveness.

Financing remains a challenge.

Overall, **capacity constraints** can be considered a major transversal challenge faced by CSOs and LAs, affecting their efforts to operate effectively in their various areas of work.

Necessary information is not always available and when it is, local actors may lack the capacity to analyse it, to provide evidence-based input and to negotiate.

In terms of **media communication and information**, connection between a free press and lower rates of corruption is internationally recognised, but to date donors have limited evidence about what media support strategies work best. Media assistance has often been ad hoc and project based with a lopsided focus on journalism training. Although donors are increasingly recognising the need for a more holistic approach to media, development evaluations so far have largely focused on counting outputs – such as the number of journalists trained – rather than assessing the outcome of media support in terms of how it strengthens its watch dog role and thus contributes to domestic accountability.

Gender Equality and Women's Empowerment

While women have conventionally been disadvantaged in reaping the benefits of social and economic development in many societies, gender issues had not been an official agenda item of previous aid effectiveness fora until the 4th High level Forum (HLF) in Busan. Gender - related discussions in Busan thus drew high expectations, even conclusively prompting Hillary Clinton's decision to visit Busan.

The Busan Outcome document sets women's empowerment as the keyword of the paragraph on gender equality promotion, which was not included in the Paris and Accra outcomes.

Busan Partnership was complemented by a range of other similar initiatives (like the Busan Joint Action Plan on Gender Equality and Development), which intend to guide the operationalisation of the gender equality, women's empowerment and women's rights commitments made in the Busan Partnership agreement.

Promoting gender issues at the EU level

The EU positions on the Millennium Development Goals (MDGs) and Development Effectiveness have a strong focus on **Gender Equality and Women Empowerment in Development (GEWE)**. The European Commission (EC) Communication "**Proposal for the EU Common Position** for the 4th High Level Forum (HLF) on Aid Effectiveness, Busan" included more elements on the EU's approach to the participation and contribution of women and women's organisations in achieving equitable and effective development; along with measures to promote gender equality. It was also recommended that **public financial management mechanisms and expenditure tracking systems be made gender -responsive and that data disaggregated by sex are collected and used**.

The European Commission (EC) participates actively in the follow-up and implementation of the Busan commitments related to gender equality. While continuing to strive towards the achievement of the MDGs, the EC is working to prepare an **EU Common Position on the post-2015 agenda on GEWE**.

The EU Communication **"Increasing the impact of EU Development Policy: an Agenda for Change"** states that gender equality and the empowerment of women will be mainstreamed in all EU development policies and programmes.

Finally, in its Communication "**A decent life for all - Ending poverty and giving the world a sustainable future**", published in February 2013, the EC highlights the role that women must play in the new post-2015 overarching framework so as to unlock "the drive for sustainable development" and the need to remove all forms of barriers to equal participation. It states that the framework should put "particular emphasis on moving towards a rights-based approach to development, on reducing inequalities, as well as on the promotion and protection of women's and girls' rights and gender equality".

A key initiative for Gender mainstreaming at the EU level is the "**Plan of Action for Gender Equality and Women's Empowerment in Development**", or more simply, The EU Gender Action Plan (**GAP report**). The report aims at operationalising EU commitments and to make them binding, with the overall objective to accelerate the achievement of the relevant MDGs, and attain the goals set out by the Committee on

Busan commitments:

§20. Accelerate our efforts to achieve gender equality and the empowerment of women through development programmes grounded in country priorities, recognising that gender equality and women's empowerment are critical to achieving development results."

§20a: accelerate and deepen efforts to collect, disseminate, harmonise and make full use of data disaggregated by sex

§20b: Integrate targets for gender equality and women›s empowerment in accountability mechanisms

§20c: Address gender equality.... in all aspects of development efforts, including peacebuilding and state –building

The OECD/DAC Gender marker

Data on DAC members' aid targeting gender equality and women's empowerment are compiled with the help of the gender equality marker in the Creditor Reporting System (CRS). Every aid activity reported to the CRS should be screened and marked as either (i) targeting gender equality as a "principal objective" or a "significant objective", or (ii) not targeting the objective.

AUSTRIA – *Through the Austrian Development Cooperation (ADC), systematically and consistently applies the OECD/DAC Gender Marker to its bilateral programmatic aid. All programmes and projects (besides those of general budget support) are screened by the Gender Desk according to the OECD/DAC guidelines on GEWE.*

BELGIUM – *Gender is mainstreamed in all development cooperation activities and strategies under the new development cooperation law.*

The *CZECH REPUBLIC* - *Gender equality is a cross-cutting principle in development cooperation strategy for 2010-2017.*

FRANCE - *Launched a new regional program FSP (Social Priority Fund) of EUR €1.3 million on "Gender and Social Cohesion" (Morocco, Tunisia and Egypt) for a period of 3 years, on the implementation of GEWE. France has also released a Gender and Development strategy for 2013-2017, in an effort to scale up its work on gender equality and women's empowerment. The document outlines 6 goals designed to improve France's development policies and aid effectiveness, including by the use of the OECD Gender marker. A Gender Equality Road Map has been developed and will be implemented both on the central level, through bilateral cooperation or multilateral and European Levels.*

GERMANY – *The promotion of gender equality and women's rights is a core principle of German development cooperation. The OECD Gender markers are binding for the implementing organisations of German development cooperation. Regular cross sectoral reviews are conducted to ensure that all G-1 and G-2 projects have been correctly categorised. If a project is to be classed as G-0, the Federal Ministry for Economic Cooperation and Development (BMZ) Gender Division must be involved in the discussion and review of the project proposal.*

the Elimination of Discrimination against Women (CEDAW), the Beijing Platform for Action, and the Cairo Programme of Action. This is a five-year common exercise that requires yearly reporting from European Commission, the European External Action Service, EU Member States and EU Delegations. The GAP report contains 9 objectives, 37 actions and 53 indicators, which the parties are committed to implement and report on to assess worldwide progresses in the matter of gender. In 2013, Reports were received from 79 Delegations and 16 Member States.

The EU launched an evaluation of the EU support to gender equality and women empowerment in its development cooperation for the period 2007-13. A mid-term evaluation has been undertaken on EU gender mainstreaming in development cooperation. A global evaluation on gender mainstreaming in EU cooperation is on-going. It has been undertaken in 11 countries and 3 Member States have accepted to have their cooperation assessed too.

Highlights of progress

The EU and EU MS remain highly committed **to including GEWE in global negotiations**, from the Busan High-Level Partnership on Aid Effectiveness to the Joint Action Plan on Gender, to Rio+20 and the post-2015 Agenda discussions.

Gender equality is becoming a more established issue for **political dialogue in many countries.** The number of EU Delegations and EU Member States which participate in **gender coordination mechanisms** have increased and there are also more internal EU coordination groups specifically dealing with GEWE. EU donors are being appointed as gender lead donors in partner countries. 17 New Gender Lead donors have been appointed in countries where no EU coordination was reported in previous years, increasing the number to 53. Among these, **10 new gender lead donors are EU Member States**. Reporting on gender in political dialogues is done through different reporting formats, most commonly the Human Rights Country Strategies.

Gender perspectives are now mainstreamed in the existing methodological training programmes (Project Cycle Management, new aid modalities, etc.) for EU staff. The European Commission is developing a **Gender Equality Score Card** for gender mainstreaming in core-trainings. It is a checklist for course designers and trainers to make the gender dimension explicit in the course design. **Gender Country Profiles** have been introduced and are gradually being set up – a new tool which aims to facilitate integration of GEWE in sector programmes and projects. Nearly all projects are systematically and compulsorily screened for their gender sensitivity in a number of countries (Austria, Belgium, Czech Republic, France, Ireland, Lithuania, Malta, Netherlands, Germany, Spain). In 2013, practically **all EU MS** report that **gender equality and women's empowerment is mainstreamed** in projects implemented by non-state actors. The EU and most of the EU MS provide substantial support in terms of capacity building, training and mentoring.

GEWE-focused aid has slightly increased (+4%) for all countries inside the global bilateral aid envelope.

Some of the EU MS, e.g. **Belgium Germany and Italy have significantly increased their support to GEWE**. **Belgium** earmarked contributions to many UN agencies with a strong track record in gender mainstreaming, including UN Women (€ 10 million core funding for 2013-2015). **Germany** also addresses gender equality in its multilateral aid. **Ireland** increased its contribution to € 8.7 million for women's equality organisations and institutions in 2012, with an amount of € 1.5 million for UN Women in 2012 and 2013.

Italy mainly participates in the GAP implementation in Palestinian Territories and Senegal (€ 10 million in 2013). The **Netherlands** reported a € 53 million budget allocated to GEWE in 2013, both at bilateral and multilateral levels. The **UK** allocated €13.6 million, in 2012-2013, to a new partnership with the World Bank for a "gender innovation lab" on girls and women's economic empowerment in Sub-Saharan Africa; € 41 million to support efforts to end Female Genital Mutilation/Cutting (FGM/C) in Africa and beyond; € 0.5 million for a 3 year Leadership for Change Programme for girls and women; and € 4.4 million to UNFPA for contraceptive supplies.[1]

All EU Member States are all reporting on the OECD/DAC Gender Marker which ensures that bilateral aid is screened for its gender equality focus. The EU ensures the review of the OECD gender marker use in all funded programmes and projects in order to ensure coherence. On the other hand, the use of the Gender Equality Screening Checklist is compulsory at identification and formulation stages for all programmes and projects proposed for funding. E.g. **Austria,** through the Austrian Development Cooperation (ADC), systematically and consistently applies the OECD/DAC Gender Marker to its bilateral aid. **Belgium** has mainstreamed gender in development cooperation activities, as provided for under the new development cooperation law, through the use of the Gender Marker.

Progress has been made also concerning **availability of sex-aggregated indicators** and use of them in different aid modalities, including in general budget support. **EU guidelines on gender-equality indicators and sex-disaggregated indicators** have been provided to all EU Delegations and EU MS Embassies and are to be monitored regularly. A guidance note on sector and cross-cutting indicators to support Delegations with the preparation of Multi-Annual Indicative Programming (MIPs) documents has been prepared. The indicators included in the MIPs will be used as basis for the results monitoring process and will ensure an appropriate monitoring of the gender equality indicators.

The **number of sectors using sex-disaggregated indicators has considerably increased** in the course of 2013, from 5 to 18. Gender equality is increasingly mainstreamed in areas not usually engendered such as infrastructure.

1 GAP 2013 Report on the implementation of "EU Plan of Action on Gender Equality and Women Empowerment in Development 2010-2015"

LUXEMBOURG – *Moving in the direction of sector-wide approaches and programme approaches through commonly agreed sex-disaggregated data.*

IRELAND – *Irish Aid is an active member of the Irish Consortium on Gender- Based Violence along with the Defence Forces and 14 Irish humanitarian, development and human rights NGOs. The Consortium works to build the capacity of members to develop and implement GBV programming. Moreover, Ireland is co- chairing donor coordination mechanisms on gender equality in Sierra Leone, Uganda, Tanzania and Zambia.*

ITALY *- In Afghanistan, Italy has been supporting the setting-up of Units for combating violence against women in Herat and Kabul, and has funded NGO projects aiming at raising awareness among the population in rural areas on women's rights. Italy is also planning to fund a pilot project to create a referral system for victims of violence in the province of Herat.*

MALTA *- Political commitment to GEWE through support to gender sensitive projects in its development activities.*

SPAIN *- Recently launched its 4th Master Plan for Spanish Cooperation 2013-2016 that considers gender mainstreaming as a priority, highlighting specifically the strengthening of the partner countries with gender policies.*

SWEDEN – *Policy that all projects/programmes supported by Sweden must include a gender equality assessment and actions to promote gender equality, annual reviews normally include a follow-up on gender equality indicators.*

UNITED KINGDOM'S *Department for International Development's (DfID) has mainstreamed gender in all programmes and in all reviews and evaluations of those programmes. It is also mainstreamed in the UK Embassy's support to civil society.*

Challenges

Overall, the general impression is that whilst EU progress is on-going, it is **slow and may need to be accelerated.**

Despite still being very far from the target, the EU's target towards the achievement of 75% of **projects scoring at least G-1 according to the OECD Gender marker** is evident. According to the 2013 OECD Development Assistance Committee (DAC) statistics, in 2011, 20% of the new proposals (general budget support excluded) scored G-1 or G-2. Although this figure represents an improvement compared to the 14% registered last year, this score remains very low according to the initial objective which indicates **a need for stronger and more sustained support to Delegations**.

Although the EU Institutions and EU Member States remain committed, there are still large **differences among and within EU institutions and EU Member States** - at headquarters and delegation level - regarding the integration of gender equality issues in development cooperation; and that integration of gender issues still largely depends on individual capabilities and commitment.

Gender equality is becoming a more routine and well-established issue for political dialogue in many countries but there are still some countries where **the topic is never raised with local authorities**. It is not clear whether this is due to the perceived extreme sensitivity of the issue or for lack of knowledge/interest. Although it is a legal obligation of the Cotonou Agreement, **there are some countries (10) where political dialogues are not taking place**.

In many countries **the EU face constraints in starting policy and political dialogue on gender due to political instability**, lack of government commitment, or emergency situations that monopolise the dialogue with governmental institutions.

The number of gender-lead donors is steadily increasing; nevertheless, the effectiveness of the working groups is still too dependent on the good will of participants rather than the groups being fully institutionalised.

Insufficient technical capacities and knowledge to act as informed interlocutors with partner countries impede progress in terms of advancing the GEWE agenda at country level. EU Delegations need to strengthen their capacity to conduct gender analyses on specific issues in order to carry out a more informed and focused political gender dialogue with the governments. The reports indicate that EU Delegations demand for training and guidance in this area is increasing and that a stronger effort is needed from headquarters

Monitoring tools, like the **Result Oriented Monitoring reports often miss the opportunity to really assess the gender-sensitivity** of the projects. In the same vein, the inclusion of gender analysis in annual reviews remains a challenge showing that there is no "gender reflex" yet in the overall analysis of the country situation.

Case Study

Capacity-Building for Leadership and Impact on Public Policies for Gender Equality in Latin America and the Caribbean

The *Inter-American Commission of Women (*CIM) has been implementing a project entitled "**Development of Capacities for Leadership and Incidence in Public Policies for Gender Equality**," financed by the Spanish Agency for International Development Cooperation (AECID), the Secretariat of Foreign Affairs of Mexico, UN Women, and the International Institute for Democracy and Electoral Assistance (International IDEA).

Consensus-building on the main challenges the countries encounter in seeking to strengthen democracy and governance in Latin America and the Caribbean is promoted through national dialogues and consultations. This process is intended to help build a shared perspective on democracy to which the region's citizens aspire, as well as fresh thinking on the democratic system and new forms of political participation.

In this process, the visions, rights, and aspirations of women and the gender perspective need to be addressed in greater depth.

The Project objective i**s to develop the capacities of professionals from governmental and non-governmental organisations to promote gender equality in dialogue, negotiation and the formulation of public policies.**

The countries of the region have advanced significantly in the adoption of laws and norms that sanction gender discrimination and the violation of women's human rights. However, the translation of these laws and norms into public policies still faces major obstacles, due in part to the lack of qualified human resources to lead and manage policies for gender equality.

In the region, there is a lack of capacity-building programmes in this area that are permanent, of high quality, accessible to professionals and that allow for training in leadership, management and the gender dimensions of economic and social development policies and programmes from a gender and rights perspective.

The strategy of this project is based on the development of human capital, with a pedagogical focus on gender equality policies and strengthened reflection and dialogue. The project is based on multiple training strategies that attempt to respond to the needs and real possibilities of training, time and available resources.

Results include:

- Professionals trained to promote, lead and manage policies for gender equality in dialogue, negotiation and formulation of public policies
- A virtual learning community on leadership for incidence in public policies that support gender equality.
- A virtual course on leadership for incidence in public policies that support gender equality.
- Regional working group on women's citizenship for democracy
- Conceptual frame of reference on women's citizenship for democracy
- First Hemispheric Forum "Women's leadership for a citizen's democracy"
- Second Hemispheric Forum "Women's citizenship for democracy"

Products include:

- **Women's citizenship in the democracies of the Americas** - This analysis of democratic systems from the perspective of women's rights and citizenship goes beyond classic notions of representation to encompass other spheres of life, including gender, inter-culturalism, reproductive rights and sexual citizenship.
- **Banking on parity: Democratising the political system in Latin America –** This series of analytical case studies explores the adoption and preliminary implementation of parity in Bolivia, Costa Rica and Ecuador as a sustainable and institutionalised alternative to quotas or other affirmative action measures.
- **A Citizens' Democracy: Visions and debates from the perspective of women's rights in the Americas –** This publication brings together the ideas, strategies and experiences shared during the First Hemispheric Forum "Women's leadership for a citizen's democracy"

<u>The Inter-American Commission of Women (CIM):</u>
Established in 1928, the Inter-American Commission of Women (CIM) was the first inter-governmental agency established to ensure recognition of women's human rights. CIM is made up of 34 Delegates, one for each OAS Member State, and has become the principal forum for debating and formulating policy on women's rights and gender equality in the Americas.

Busan commitment:

§32. "We ***recognise the central role of the private sector*** *in advancing innovation, creating wealth, income and jobs, mobilising domestic resources and in turn contributing to poverty reduction. To this end, we will:*

a) Engage with representative business associations, trade unions and others to improve the legal, regulatory and administrative environment for the development of private investment; and also to ensure a sound policy and regulatory environment for private sector development, increased foreign direct investment, public--private partnerships, the strengthening of value chains in an equitable manner and giving particular consideration to national and regional dimensions, and the scaling up of efforts in support of development goals.

b) Enable the participation of the private sector in the design and implementation of development policies and strategies to foster sustainable growth and poverty reduction.

c) Further develop innovative financial mechanisms to mobilise private finance for shared development goals.

d) Promote "aid for trade" as an engine of sustainable development, focusing on outcomes and impact, to build productive capacities, help address market failures, strengthen access to capital markets and to promote approaches that mitigate risk faced by private sector actors.

e) Invite representatives of the public and private sectors and related organisations to play an active role in exploring how to advance both development and business outcomes so that they are mutually reinforcing.

Private Sector and Development

Traditional aid' modalities continue to play a critical role, but by themselves they are not enough. In times that Official Development Assistance (ODA) funds are diminishing, the urgency of finding innovative sources of development finance has increased.

The Busan High level Forum on Aid Effectiveness (HLF4) recognises the central role of the private sector in development and encourages closer private-public engagement for sustainable development. The Joint Statement[1] endorsed by representatives from the public and private sectors at the HLF4 reconfirms the priority to expand and enhance public and private cooperation for broad-based, inclusive and sustainable growth. Potential areas of cooperation include: improving business investment climates; scaling up innovation to build inclusive and green value chains; establishing or strengthening mechanisms to ensure mutual accountability; coordinating efforts to strengthen health systems; building coalitions to enhance humanitarian assistance; and, integrating private sector participation into the dialogue on aid effectiveness.

The private sector's growing engagement in development is increasingly leading towards a more strategic collaboration between private enterprises, donors, governments, foundations and other non-state actors.

An EU approach

In order to further deepen the Busan aid effectiveness commitments and strengthen development effectiveness, the EU and its Member States (EU MS) are committed to promote and support specific initiatives with a view to deepen public-private engagement towards increased development impact. The **EU Common Position** for the HLF4 clearly states as priority to "engage the private sector in aid and development effectiveness in order to advance innovation, create income and jobs, mobilise domestic resources and further develop innovative financial mechanisms".

The Busan commitments on engaging with the private sector have been further reinforced in the EU's "**Agenda for Change**", which calls for engaging the private sector as a partner in development, aims for greater use of innovative financial instruments (blending - the combination of EU grants with loans or equity from public and private financiers) to mobilise private capital for development, and encourages stronger private-public collaboration in other sectors like energy, agriculture, infrastructure. **Council Conclusions of 25 October 2012 on Rio+20**, underline that "resources for the implementation of sustainable development policies have to be mobilised by all types of stakeholders and come from all sources, national and international, public and private as well as financial and non-financial actions". Council Conclusions of 25 June 2013 **on the Overarching Post-2015 Agenda**, emphasise that the mobilisation of all resources, public and private, domestic and international and their effective and innovative use will be vital for the successful development and implementation of the [post-2015] framework.

In its forthcoming Communication on "**A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries**" the EC outlines the future direction of EU policy and

1 Expanding and enhancing public and private cooperation for broad-based, inclusive and sustainable growth-11 November 2011, 4th High Level Forum on Aid Effectiveness

support to private sector development in its partner countries, and introduces private-public engagement as a new dimension into EU development cooperation. The Communication thereby also aims to implement the commitments made by the EU at Busan regarding support for private sector-led growth and development partnerships with the private sector.

Highlights of progress

Substantial progress has been made by the EU and EU MS on Busan commitments regarding the role of the private sector in development, private investment, trade, and innovative financing sources and instruments.

Public-Private Dialogue mechanisms

The majority of **the EU MS (20)** have established at least **one public-private mechanism with the private sector** in their country, aiming for dialogue and knowledge sharing on development. **Ten EU MS** have established several mechanisms, either at sectoral or regional levels (Austria, Denmark, Germany, Finland, France, Latvia, Netherlands, Portugal, Romania, and the UK). The other EU MS are making efforts to establish such mechanisms during 2014, e.g. Croatia, Hungary, and Lithuania. In February 2013, the Slovak "Platform of Entrepreneurs for Foreign Development Cooperation" was established.

In many cases, these dialogue mechanisms or forums include **participants from the private sector, the CSOs** and other interested organisations.

In the past 3 years, **Germany's** Federal Ministry for Economic Cooperation and Development (BMZ), seconded more than 30 "Development Cooperation-Scouts" to Chambers of Commerce and business associations. They are conducting dialogue with the private sector on a day-to-day basis. Furthermore, an established platform for dialogue between the public and the private sector, including civil society, is the Round Table Codes of Conduct: a German multi-stakeholder forum that aims to promote implementation of social standards through information and dialogue.

In 2014, **Germany** will launch a Global Inclusive Business Action Network, which will provide a forum to share ideas, critically discuss and reflect inclusive business models and provide instruments for initiating collective action between pioneering inclusive businesses.

Sweden's "Leadership for Sustainable Development", established in May 2013, is a network consisting of around twenty leading companies that have adopted a joint declaration which identifies four priority areas where the Swedish business industry can play a vital role for sustainable development: (i) Creation of jobs with decent working conditions; (ii) Reduction of corruption and unethical behaviour; (iii) Reduction of negative environmental impacts and maximisation of resource efficiency; (iv) Integration of sustainable development into core business models and activities.

EU BLENDING PLATFORM

Though blending mechanisms in EU aid funding can now be found worldwide, around 90% of these projects focus on working with the public sector.

With the establishment of the 'EU Platform for Blending and External Cooperation' in 2012, the EU is now looking at how the private sector can play a larger role.

***The European Investment Bank's (EIB)** activities outside the EU initially focused on support for public infrastructure and lines of credit to national development banks. However, financing has increasingly been directed towards the private sector. Supporting local private sector development has become one of the Bank's top priorities in its operations in North Africa and the Near East, as well as in sub-Saharan Africa, the Caribbean and the Pacific (ACP) where the EIB manages the EU-ACP Investment Facility (ACP-IF).*

***EIB lending** directly supports private investment but is also available to improve the enabling environment through the development of infrastructure, whether public or in the form of **Public Private Partnerships**. EIB is not biased towards private sector solutions but will rather support whatever makes the most sense in any given context. In the case of infrastructure, the ability to support private solutions will typically depend on factors such as the specific sector, the level of development of the country and institutional factors such as investment climate and local capacity. In all cases, the EIB applies the highest standards of due diligence to ensure that projects are economically justified, technically sound, financially viable, and that clients meet corporate governance and integrity requirements.*

***SWEDEN** works with the private sector, using a toolbox of methods which can be used across countries and sectors. They all involve dialogue with the private sector, such as: (i) SIDA - the Swedish International Development Cooperation Agency – has set up Public Private Development Partnerships (PPDP) aiming to engage the private sector; (ii) Innovative finance aiming at mobilising private capital resources for development through new forms of financial solutions. Financing solutions may involve the use of development loan and guarantee arrangements. (iii) Challenge funds, a financing mechanism to allocate (donor) funds for specific purposes using competition among organisations, mainly small and medium size companies as the lead principle. (iv) Drivers for change, dedicated to influencing the private sector to work in a more sustainable and inclusive way and thereby contribute to poverty reduction.*

***FRANCE** - In 2012, France launched a national Council for Development and International Solidarity ("Assises"), with a broad participation from the private sector. France is also exploring new inclusive business models, involving corporations and CSOs with appropriate financing tools and outcome-based approaches, and has also launched a national plan for fair trade development in developing countries. The Agence Française de Développement- AFD's many partnerships with multinational corporations is instrumental in developing "shared value" approaches.*

At the Rio + 20 conference, with South Africa, Brazil and Denmark, France formed the group of "friends of §47" for enterprise reporting on sustainable development.

France has keenly pursued innovative financial solutions to leverage ODA, such as the ARIZ guarantee mechanism, that has proved a marked success.

The European Commission regularly convenes a Policy Forum on Development with Civil Society Organisations (CSOs) including private sector representatives and social dialogue partners using existing national, government-led public-private dialogue mechanisms in countries in which private sector development, trade and regional integration is a focal sector.

Austria, Germany, Ireland, Netherlands, Sweden and UK are members of **the Private Infrastructure Development Group (PIDG)**, a multi-donor organisation to promote private participation in infrastructure in developing countries with a strong focus on Africa. It provides long-term capital and local currency guarantees including technical assistance.

Support to private sector development

The EU and EU MS have provided substantial funding for private sector development in **supporting the development of the private sector**, including small and medium-sized enterprises.

In 2004-10, the EC has provided €2.4 billion in direct support in the form of grant funding. Equally substantial has been the European Investment Bank's (EIB) support over many years. Between 2011 and 2013 alone, the EIB deployed direct and global/bank-intermediated loans and equity products totalling €12.4 billion to finance the private sector outside the EU. This support to private sector represented 59% of total financing outside the EU.

EU MS have reported over 100 development assistance activities for private sector development in 2012. **Germany** is internationally one of the largest bilateral donors in private sector development. In 2012, the commitments in the field of private sector development amount to approximately €225 million. While for the larger promotion field of sustainable economic development (including financial systems development and vocational training) commitments reach a total of €916 million. **The Netherlands** generates substantial amounts of private funds in private-public partnerships (e.g. Sustainable Water Fund, Sustainable Business and Food Security Facility).

Innovative financing sources and instruments

In Busan, it was widely agreed that **innovative modalities of delivering finance** can increase effectiveness and should be scaled up. Blending of grants with loans and equity mechanisms can leverage additional private financing on the top of public one, as such, the EU is actively pursuing this.

Since it was first introduced at the beginning of the Multiannual Financial Framework 2007-2013, blending has gradually evolved into an important tool of EU external cooperation, complementing other implementation modalities. Since 2007, the EC, together with a number of EU MS, have set up eight **regional blending facilities**, covering all regions of EU external cooperation. With Investment Facilities for the Pacific and the Caribbean established in early 2012, EU regional blending facilities have been established in all regions of EU external cooperation[2]. To monitor the "new" financing tool, the EU set up a Group of Experts in 2012.

Use of blending mechanisms has been gaining momentum. In the last seven years, €1.6 billion EU grants financed 200 blended projects. The EU grant contributions have leveraged approximately €16 billion of loans by European finance institutions and regional development banks. By strategically combining EU

2 The EU-Africa Infrastructure Trust Fund (ITF), the Neighbourhood Investment Facility (NIF), the Latin America Investment Facility (LAIF), the Investment Facility for Central Asia (IFCA), the Asia Investment Facility (AIF) as well as the Western Balkans Investment Framework.

grants with public and private financing, blending helps unlock investments with an estimated volume of €40 billion in EU partner countries. In 2012 and 2013, the EC approved projects with a total value of €1.7 billion which blend grants from the EU budget, EU MS, and the European Development Fund (EDF) with loans from the EU Bank- the European Investment Bank (EIB), as well as from the European Bank for Reconstruction and Development (EBRD), Germany's *Kreditanstalt für Wiederaufbau* (KfW) and France's Agence Française de Développement (AFD). Almost 60% of the total funds are provided by the Banks. Under the next (2014-2020) multiannual financial framework, financial instruments, such as loans, guarantees, equity or quasi-equity, investments or participations, and risk-sharing instrument, possibly combined with grants, will be become a regular part of the Commission's financial toolbox.

Aid for trade

Many EU MS are involving private sector in the design of the Development Policy Programme and **Aid for Trade (AfT)** Action Plan. The EU is active in the International Policy Dialogue on Aid for Trade in the Organisation for Economic Cooperation and Development (OECD) and the World Trade Organisation (WTO). Regular discussions are held with EU MS and an EU monitoring report on AfT is published annually.

Challenges in engaging the private sector in development

Overall, the implementation of the Busan commitments regarding the engagement of the private sector is at the early stages, though over the last decade, many EU Member States actually started to work with companies through various partnership programmes for the piloting of sustainable, pro-poor market-based solutions implemented by companies in developing countries (e.g. the German develoPPP programme, the Austrian economic partnerships programme, SIDA's Business for Development Programme, or challenge funds set up, among others, by DfID, and the Dutch Ministry of Foreign Affairs). Much progress has been made in blending, as the EU has been an active player since 2007; this is also the case for Aid for Trade (AfT), where the EU is a major donor.

Public-Private Partnerships (PPPs)

PPPs are a strong instrument to complement government spending with private investment in order to realise much-needed infrastructure. Initiatives of large public infrastructures investment programmes in sectors such as transports, energy, as well as social sectors such as health, might be examples where private sector can harness development. To be effective, PPPs require the existence of adequate legal and regulatory frameworks, the capacity of the public institutions to enforce such legal and regulatory frameworks and to negotiate longstanding mutual benefit contacts/agreements, as well as the need for a thorough analysis of the long-term financial impact of the PPP on the State budget.

POLAND – *Since 2013, the private sector has been participating in Poland's development cooperation through the Small Grants System managed by Polish diplomatic missions. The objective of the financed activities must contribute to the reduction of poverty and the strengthening of the economies of developing countries. The projects are implemented with the participation of Polish enterprises. The Polish private sector can act only as an indirect or direct contractor or service provider, and the local communities will be the only beneficiaries of the project.*

FINLAND *has worked with governments, business associations, trade unions and others for the mentioned objectives in programmes on private sector development, Aid for Trade (AfT), agriculture and rural development, forestry development, ICT and innovations; examples include Private Sector Development Reform Programme in Zambia, Support to Private Plantation Forestry and Value Chains in Tanzania, and the cooperation of the Finnish Trade Union Solidarity Centre of Finland (SASK) with numerous partners country trade unions. Finland involves the private sector in the implementation of the policies through Finnfund, Finnpartnerships and, to a lesser extent, Fund for Local Cooperation.*

UNITED KINGDOM – *DfID supports a range of networks that facilitate stakeholder dialogue between business, civil society and governments on private sector development - including Business Fights Poverty, Business Call to Action and The United Nation's Global Compact.*

January 2014 marked the start of a new partnership between DfID and the **London Stock Exchange Group,** *to work together to accelerate capital market development in sub-Saharan Africa. In 2015/16 DfID plans to target £1.8 billion of its bilateral budget on economic development, more than doubling the amount spent in 2012/13.*

AUSTRIA – *CorporAID platform for business, development and global responsibility aims at creating a better understanding of the role the private sector can play in development. Its main tasks are providing relevant information on private sector and development, identifying areas of economic and development potential, and raising awareness.*

Austria, France, Germany, Italy, Netherlands, Sweden and the UK *are also members of the* ***Public-Private Infrastructure Advisory Facility (PPIAF),*** *a multi-donor trust fund that provides technical assistance to governments in developing countries in support of the enabling environment conducive to private investment, including the necessary policies, laws, regulations, institutions, and government capacity. It also supports governments to develop specific infrastructure projects with private sector participation.*

Multilateral Development Banks (MDB) Food and Water Security Action Plan: 2011-13 (co-chaired by EBRD and ADB)

In recognition of the importance of agriculture, and food and water security following the world food price spikes in 2008 and 2010, and in line with the Paris Declaration on Aid Effectiveness, the MDBs prepared and monitored a three year MDB Food and Water Security Action Plan: 2011-13.

The Action Plan was monitored through a MDB Working Group, which comprised of technical level representatives from EBRD, ADB, IDB, AfDB, and WBG and included public and private sector investments in agriculture. The MDB Food and Water Security Action Plan was instrumental to better align MDBs actions on key food security challenges. It facilitated complementarity of efforts during the global scaling-up of investments in agriculture.

Innovative financing: Traditional PPPs are increasingly being complemented by new forms of partnerships and multi-stakeholder alliances between governments, enterprises and NGOs for the provision of basic services –especially in rural areas and to women and other excluded groups- such as access to sustainable and affordable energy, water, health care, and education, or in the area of agriculture and nutrition.

Small and medium enterprises, in particular, are key to creating more jobs and more prosperous economies. But high transaction costs and high perceived risks will often stop banks from financing small and medium enterprises, leaving them unable to develop and create the new jobs that drive down poverty. The emergence of impact financing may be a response to this challenge.

Another challenge is to reach the so-called missing-middle, i.e. small and medium-sized enterprises in developing countries, the financing needs of which are typically neither met by microfinance institutions nor by traditional banks.

Blending: EU blending has been mainly targeted to public sector investments so far and only about 10% of the funds have been allocated to support Micro & Small and Medium-sized Entreprises (SMEs) in developing countries.

Blending is a relatively new instrument and thus evidence of impact still to be demonstrated. Advantages of blending include unlocking additional public and private resources, leveraging additional non-grant financing and increasing the impact of EU external development cooperation.

Finding a common language: Private sector companies, CSOs and EU policy makers join their forces for "development" from quite different angles. EU support to private sector development and engagement uses a variety of terms and definitions. There is a wide array of stakeholders facing potentially very different incentives. There is need to learn each other's language, and understand their respective starting points and ultimate goals before common ground and approaches can really be found. Moreover, it is important to ensure that public-private development partnerships are governed by mutual accountability and shared interests.

Another current challenge regarding private-public collaboration is the **limited availability of proven evaluation and monitoring tools and data** for assessing the development impact of private-public development partnerships.

This challenge is also reflected by the difficulty to define a suitable global indicator on private sector engagement and contribution to development for the Global Partnership for Effective Development Cooperation (GPEDC) Monitoring Framework.

Case Study

Making a Difference at Country Level – Laos, Kyrgyzstan

Laos' Provincial Public Private Dialogue (PPPD)

Funding partners: Federal Ministry for Economic Cooperation and Development (BMZ), Germany

Laos has been transitioning from a planned to a market-based economy since gradual reforms started in 1986 with the so-called *New Economic Mechanism*. While Laos has been experiencing strong economic growth rates of close to 8% for the past years, growth is still strongly dependent on foreign direct investment (FDI) and large-scale investment projects in the resource and energy sector in particular, and its business and investment climate is perceived to be among the world's poorest – the 'Doing Business 2013' survey ranks Lao number 163 out of 185 countries.

There have been significant improvements in Laos' economic laws and regulations, but implementation, especially at the sub-national level, is still relatively poor and involving the private sector in the provinces in consultation processes of new laws and regulations is very limited. The public sector still largely regards the private sector as a recipient of information and policies rather than an equal partner to jointly address issues, while the concept of government as a service provider to its people is still not well developed, particularly at sub-national level.

Since 2009, the *Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH* –GIZ supported **Provincial Public Private Dialogue (PPPD)** has seeked to improve the provincial business and investment climate by setting up an **institutionalised, transparent dialogue process** in which the public and the private sector jointly solve issues at the provincial level, with the ultimate goal of ensuring broad-based economic growth in Laos. The main focus of PPPD is a better implementation of existing laws and regulations at provincial level on the one hand, and **providing the private sector at provincial level with a communication channel for inputs to the drafting of laws and regulations** at central level on the other hand. PPPD is hence supplementary to the national-level Public-Private Dialogue (PPD) initiative, which was supported by the International Finance Corporation/Mekong Private Sector Development Facility (IFC/MPDF), the Lao Business Forum (LBF).

The approach taken by GIZ in supporting the set-up and implementation of PPPD is highly participatory from the outset. It relies on **public-private co-leadership** of a central-level steering and support structure for the provincial-level dialogue, the so-called Central Taskforce on PPPD, comprising of steering and working level members of the Lao National Chamber of Commerce and Industry (LNCCI) and the Ministry of Planning and Investment as key stakeholders representing the private and the public sector respectively, as well as of representatives of the Small and Medium Enterprise Promotion and Development Office (DoSMEP). In parallel, additional support to private sector working groups is provided via LNCCI and its provincial subsidiaries, as well as via MPI and its vertical agencies, the Departments of Planning and Investment (DPI), to line departments in the provinces.

Major Results include strong central-level support for PPPD initiative, both by public and private, based on increased mutual trust and understanding of benefits of PPPD; expansion to two additional provinces by the provinces themselves and demand for nationwide expansion by MPI – which constitutes evidence of ownership; trust-building between public and private sector through joint-activities, incl. planning, budgeting, implementation; high name recognition and support for PPPD initiative and request by MPI permanent secretary for set-up of private sector consultation websites.

The PPPD initiative forms part of the wider GIZ Human Resource Development for a Market Economy Programme (HRDME), which seeks to tackle the key bottlenecks for sustainable private sector development.

Blending in Kyrgyzstan: the Sustainable Energy Financing Facility (KyrSEFF)

The Kyrgyz economy is very energy-intensive, due to a high rate of energy losses, out-of-date energy infrastructure, shortages of energy supply during winter peaks and inefficient equipment. The KyrSEFF project is designed to assist local financial intermediaries, to enable them to support small-scale sustainable energy projects, by combining credit lines with technical assistance. KyrSEFF supports residential and industrial/SME energy efficiency projects, as well as small-scale renewable energy investments by providing loans to Participating Financial Institutions that pass them on to private sector borrowers; it also provides technical assistance to help financial intermediaries improve their capacity to appraise and finance energy efficiency and renewable

energy projects. In addition, the technical assistance funding supports capacity building among local sustainable energy engineers, by improving their technical expertise.

The project combines an Investment Grant with Technical Assistance, and is implemented within the Investment Facility for Central Asia (IFCA). Lead financial institution: EBRD. Total project cost: € 20.8 M; IFCA contribution: € 6.8 M

Thematic Paper | Fragility and Resilience

Fragility in figures

- *1.5 billion people live in conflict-affected and fragile states.*
- *About 70% of fragile states have seen conflict since 1989.*
- *Basic governance transformations may take 20-40 years.*
- *30% of Official Development Assistance (ODA) is spent in fragile and conflict-affected contexts.*
- *These countries are furthest away from achieving the Millennium Development Goals (MDGs).*

Fragility and Resilience

One in four people in the world live in countries affected by conflict and fragility or in countries with high levels of criminal violence. It is estimated that by 2015 half of the world's people living on less than $1.25 a day live in fragile states.

The 4th High Level Forum on Aid Effectiveness in Busan (HLF4) marks a major shift in the way the international community approaches aid for fragile and conflict-affected states, putting a set of peace-building and state-building goals onto the mainstream development agenda. Governments achieved an agreement on improving the way aid is given, on how to be more efficient in disbursing aid, and on how to provide development for societies that have so far failed to reach the Millennium Development Goals (MDGs). They also reached a "New Deal" for engagement in fragile states which is now just beginning.

The New Deal is **a new approach towards fragile situations** that will be customised to the particular country context.

The EU's engagement in the New Deal

The EU is notably committed to fragile states to establish functioning and accountable institutions that deliver basic services and support poverty reduction. The **New Deal for Engagement in Fragile States** provides the most comprehensive strategic framework to date. The New Deal was formulated by the International Dialogue on Peace Building and State Building (IDPS) and endorsed at the HLF4 in December 2011. Thirteen EU Member States (EU MS) and the European Commission (EC) are amongst 36 countries (including 18 fragile countries), and 6 international institutions which endorsed the New Deal as members of the IDPS, which has been co-chaired at ministerial level by Denmark (March 2012-January 2014) and Finland (January 2014- present).

Since Busan, the New Deal has had **significant impact** in influencing the discourse, the policies of international and national partners, at the global and at the country level. The EC and EU Member States are pioneering implementation of the New Deal.

"Pilot" Country	"Lead" Partner	Progress
Afghanistan	UK, Netherlands, Denmark	The Tokyo Mutual Accountability Framework is regarded as compact
Central African Republic	France, EU	Slowdown due to political situation
DRC		Fragility assessment done
Liberia	Sweden and USA	Fragility assessment done- compact in process (but on 1 PSG only)
Sierra Leone		Fragility assessment done, compact forming in the background
South Sudan	Denmark, UK, Netherlands	Fragility assessment done, compact was expected Dec 2013, now delayed
Timor Leste	Australia, (+EU offered)	Fragility assessment done
Somalia	EU +NW: financial	First New Deal compact endorsed. Follow-up conference in Copenhagen in fall 2014.
Chad		UNDP active

Busan commitments:

§26. Fragile states are for the large part off-track to meet the Millennium Development Goals . Achieving these goals will depend on our collective ability to understand the unique challenges facing fragile states, overcome these challenges, and promote foundations for lasting development. We welcome the New Deal developed by the International Dialogue on Peace-building and State-building, including the g7+ group of fragile and conflict-affected states.

The New Deal will use:

- *The Peace-building and State-building Goals (PSGs),*
- *FOCUS principles: a new country-led and country-owned way of engaging in fragile states, and*
- *TRUST principles: a set of commitments to enhance transparency; manage risk to use country systems; strengthen national capacities; and improve the timeliness and predictability of aid to achieve better results.*

§27 We must ensure that development strategies and programmes prioritise ...resilience among people and societies at risk from shocks, especially in highly vulnerable settings such as small island developing states. Investing in resilience and risk reduction increases the value and sustainability of our development efforts.

- *Developing countries will improve their resilience to shocks and disaster management measures within their own policies and strategies;*
- *We will work together to invest in shock resistant infrastructure and social protection systems. We will increase the resources, planning and skills for disaster management.*

The New Deal is based on three pillars: *the 5 Peace-building and State-building goals (Inclusive politics, security, justice, Economic foundations, revenues and services); the FOCUS principles; the TRUST principles. It sets a framework that builds mutual trust and strong partnerships between countries and their international partners.*

A ***Decent Life for All: Ending poverty and giving the world a sustainable future:***

Addressing peace and security issues in the context of the post-2015 overarching framework should use as a starting point the work already done between some fragile states and the OECD countries, the EU, the UN and Development Banks at Busan in November 2011. This should build on the New Deal for Engagement in Fragile States that laid out an agreed set of Peace-building and State building Goals.

FRANCE and EC *are leading the Deal for the Central African Republic. In January 2014, it was announced that the European Commission stands ready to give new support in the range of €25 million to the African Union-led operation in the Central African Republic, based on a request to be done by the African Union.*

The EU also stands ready to support the electoral process in the CAR with around €20 million.

This new support will go towards putting in place voter registration, electoral operations and involving civil society groups as domestic observers.

Overall, the New Deal has been a helpful framework for focusing engagement in fragile states. In five partner countries fragility assessments were performed and in Somalia a compact has been endorsed. The EU played a supporting role in moving forward dialogue amongst the partner country and the donors.

The EU is supporting the **stabilisation process in Central African Republic**; as of December 2012 the **EU is a New Deal partner for Somalia.** In September 2013, **the Somali Compact** was endorsed; the EU expressed its commitment to become a partner for the New Deal in **Timor Leste** in support provided to Australia; new Compacts are expected to be signed with **South Sudan, and Liberia**. In **Sierra Leone**, the Mutual Accountability Framework (which acts as the compact) was adopted in July 2013 and signed in February 2014.

The New Deal for Engagement in Fragile States has improved the involvement of development partners in a number of countries that have taken it forward, including Afghanistan, the Democratic Republic of the Congo, Liberia, Sierra Leone, Somalia, South Sudan and Timor Leste. The EU, which has endorsed the New Deal, reconfirms its commitment to further build on the New Deal framework that is adapted to each local context and calls on others to do likewise.

Highlights of EU progress: Resilience and the New Deal

The EU Common Position for the Fourth High Level Forum on Aid Effectiveness specified the importance of supporting fragile states. In 2012, the Council adopted further Conclusions on a Common Security and Defence Policy calling for a joint Communication from the European Commission and the High Representative/Vice President (HR/VP) on 'the comprehensive approach'.

In October 2012, the Commission adopted a Communication on '**The EU Approach to Resilience - learning from food crises**", outlining ten steps to increase resilience and reduce vulnerability. The Communication established that, in countries facing recurrent crises, building resilience will be a central aim of EU external assistance and the humanitarian-development interface is crucial in processes aiming at building the resilience of the most vulnerable. It furthermore expressed the EU's commitment to invest more in tackling the root causes of recurrent crises rather than just dealing with their consequences, making aid more efficient and effective.

The EC's Resilience Action Plan for Resilience in crisis prone countries, issued on 19 June 2013 laid the foundations for the implementation of the EU Approach to Resilience. It provided the framework for a continuation and scaling up of EU efforts for resilience building at different levels, from policy and advocacy to tools and methods, and within an expanded range of countries and regions, building on the successful recent resilience building initiatives, which include initiatives:

- **"Supporting the Horn of Africa's Resilience" SHARE** initiative in the Horn of Africa aims to mobilise €270 in 2012 & 2013
- **"Global Alliance for Resilience Initiative" AGIR-** Sahel initiative aims to mobilise €1.5 billion for resilience in the Sahel between 2014 & 2020 (11th European Development Fund)
- **"Global Climate Change Alliance" GCCA** programme with contrubutions from Sweden, Ireland, Czech Republic, Cyprus and Estonia. Under the GCCA, the Intra-ACP Programme, funded under the 10th EDF financial framework, supports the 79 member countries of the African, Caribbean and Pacific (ACP) Group of States in their adaptation and mitigation responses. In Eastern Africa, the programme has supported the Intergovernmental Authority on Development (IGAD) to develop a "Hazard Maps and Atlas"; In the Pacific, the programme is supporting the Pacific Catastrophe Risk Assessment and Financing Initiative; In Southern Africa, the Intra-ACP programme for DRR has supported the establishment of a Technical Centre for Disaster Mitigation and Sustainable Recovery (DIMSUR).

The resilience approach is expected to lead to a reduction in humanitarian needs and more sustainable and equitable development gains.

Moreover, the Resilience **Action Plan** recognises the need to build **effective links between the resilience agenda and the piloting of the New Deal of Engagement in Fragile States**. The Action Plan lays the foundations for more effective EU collaborative action on resilience, bringing together humanitarian action, long-term development cooperation and on-going political engagement.

The EC has undertaken **programming of its development cooperation** for the period 2014-2020 in more than 130 countries in the world including the New Deal pilot countries, the countries of the International Dialogue, and other countries that are on the path of becoming resilient.

- **Principles of New Deal** and **Resilience commitments** are reflected in the instructions for the programming of development cooperation.
- The **new EU Results Framework** for the development programmes will include elements of the peace-building and state-building indicators framework developed by the g7+.
- The **new budget support policy** helps the EU in allowing state-building contracts in fragile situations and to support democratic transition.

***The NETHERLANDS**, **DENMARK** and the **UK**, co-lead donors in South Sudan and Afghanistan. The Netherlands is also co-lead donor in Somalia for the Working Group on PSG3 (Justice) and an active member of PSG 2 Working Group (Security).*

*More than half of **GERMANY's** bilateral cooperation partners are considered fragile according to the Development Ministry's (BMZ) own political-economic assessments. Belonging to this list group of countries triggers special policies. For the German development cooperation, essential guidance for the objectives and areas of intervention for peace and security is provided by the "New Deal for Engagement in Fragile States".*

***FINLAND** has advanced the knowledge of New Deal within the Ministry by preparing a forthcoming "Guidance on how to engage in fragile states" (Winter/Spring 2014). At the country level, Finland has supported the Afghanistan Reconstruction Trust Fund (ARTF).*

***SWEDEN** together with the United States is the co-lead donor in the Government-led process of implementing the New Deal in Liberia. Sweden is also one of the leading actors in implementation of the New Deal in Somalia, and contributes to progressing the New Deal in Afghanistan, DRC and South Sudan. In terms of supporting state-building, Sweden provides direct support to build up core functions of the state in many countries, such as capacity and accountability mechanisms of Government in Iraq, rule-of-law institutions in DRC, Liberia and Guatemala.*

RESILIENCE

The resilience agenda gave new impetus to existing ***commitments on disaster risk reduction (DRR)****, including:*

Communication on an EU Strategy on supporting disaster risk reduction in developing countries was adopted in February 2009. *It aims at ensuring that the EU works more closely and more effectively together when supporting developing countries efforts for reducing the risk of disasters.*

EU implementation plan for disaster risk reduction in developing countries 2011-2014

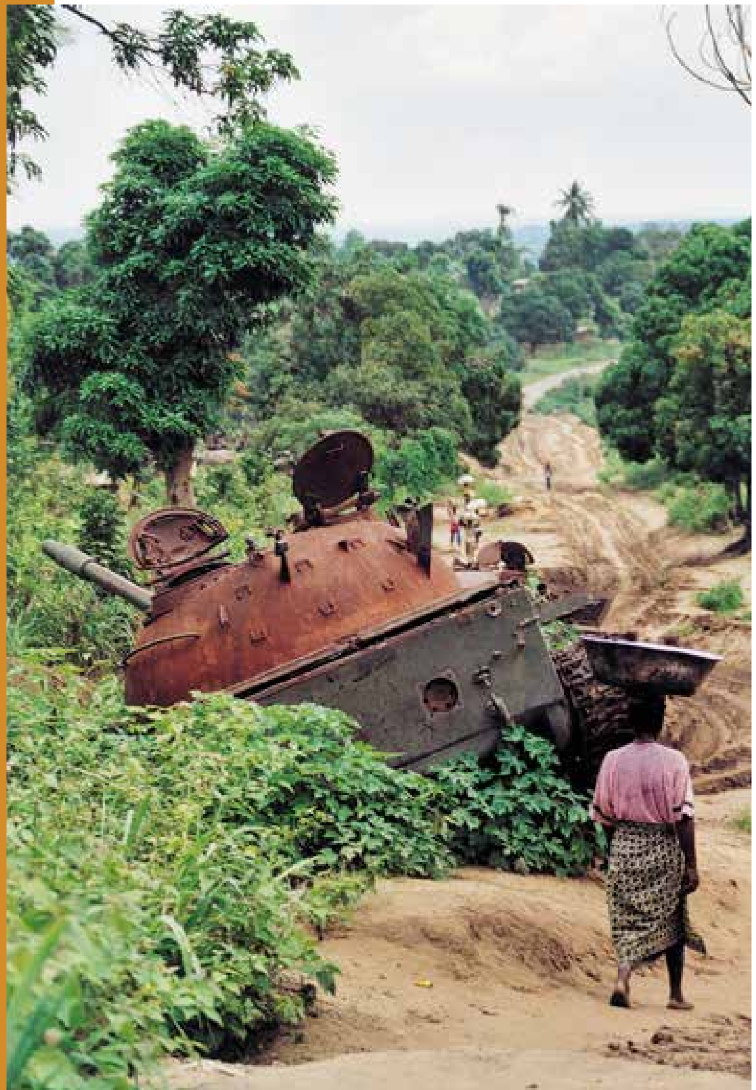
This implementation plan, approved the 16 February 2011, complements the EU strategy and intends to become a tool for increased EU aid effectiveness in disaster risk reduction support for developing countries.

Building resilience *starts with and draws upon joint humanitarian - development planning:*

- *joint analysis of vulnerabilities and risks,*
- *focus on the most vulnerable areas and populations;*
- *shared objective and priorities,*
- *coordinated action*
- *regular monitoring and evaluation*

Several EU Member States have raised awareness of the New Deal, and translated New Deal commitments into practice by incorporating them into internal strategy documents or country programming, which is a key challenge in achieving the "change behaviour" objective of the New Deal.

More than half of the **EU Member States have adapted their procedures** to the specificities of fragile and conflict affected countries when designing and implementing programmes in these countries, in line with the EU Common Position for the Fourth High Level Forum on Aid Effectiveness. Some EU MS designated at least 50% of their budget to fragile or conflict affected states, while the UK spends 75% of its aid on fragile or conflict-affected countries.



The EU is contributing to the **International Dialogue on Peace-building and State-building**. The International Dialogue is presently co-chaired by Timor-Leste and Finland. Previous Co-chairs from the EU include Denmark, the Netherlands, and the United Kingdom. This forum drives political momentum for change through strong partnership, innovation and mutual accountability for results.

Some EU MS earmarked funds to support these countries. E.g. Netherlands has established the Stability Fund (about €90 M) and a new Budget for International Security (about €250 M) as instruments that mix ODA and non-ODA funds and aim to complement military spending on crisis operations with programs on peace-building, rule of law, security sector reform, reconciliation and conflict prevention.

Working together with partner governments and other donors is key for the success of the New Deal. The EU is active in building partnerships in developing staff skills jointly, holding trainings, and team building to be more effective and coordinated in supporting the partner country's efforts.

Challenges

The number and complexity of crises, disasters and violent conflicts in some of the partner countries of the EU development cooperation remains a key concern to be addressed. S**trengthening national capacities to increase resilience** and prevent future emergencies from arising. There is a need for greater attention to resilience particularly amongst worse affected and of disadvantaged individuals and groups. Supporting fragile and conflict-affected states in their process of transition to a more structured, robust and resilient situation, reinforcing the process "from peace building to state building", taking also in consideration the reconciliation, is of primary importance for the EU and EU MS.

The New Deal is about **forging country-led, 'best-fit' strategies** for moving out of fragility and putting peace-building and state-building at the heart of recovery and development programming. There is no "one size fits all" with programmes and indicators for fragile states being "tailor made" to the challenges of the partner country. Measuring progress at country-level can be better done by using country-specific indicators, not generic ones.

The New Deal document lays out a **sequential process** for New Deal implementation, starting with fragility assessments, developing one plan and a compact to implement the plan. In some cases this sequence has worked, but in others it does not.

Peace-building and state-building are **long term endeavours.** Building peaceful states requires long-term efforts and incremental approaches. The pace of the progress is often slower than expected exposing the tendency for donors to be unrealistically ambitious.

Sustainability - Given the multiple causes of vulnerability and fragility, **sustainability of resilience building** is a challenge requiring multi-sector actions including multiple partners with the evident need for markedly greater participation of those affected or at risk in designing actions.

Fragmented assistance has led the donor community towards to insist on **stronger co-ordination**. **Joint Programming of the EU and its Member States** is seen as having the potential to play a key role.

Ownership and Leadership - The New Deal is widely seen as an opportunity to **consolidate partner countries' ownership and leadership**. It was agreed that the **New Deal principles would be implemented at country level**, through new country-led and country-owned way of engaging in fragile states to ensure the long-term stability. A 'whole-of-government approach' should ensure appropriate ownership by the sectoral ministries (beyond the Ministries of Finance, which generally lead the process). However, fragility of partner country and governance systems often render such an ambition unviable.

Inclusion not only of the governments, but also their stakeholders in the process of delivering the New Deal can foster constructive relations between the partner governments and civil society, empower women, youth and marginalised groups.

The New Deal is an opportunity to **conduct political dialogue** which can translate into tangible benefits and **meaningful policy dialogue at the sector level**. The New Deal is offer an opportunity for strong international support and effective partnership. **'The International Dialogue'** can provide a platform for its members and reach out to other interested partners. However, the high-level ambitions of the New Deal cannot replace nor should it side-line the need for well-structured programming at the sector level led by partner government line ministries.

Donors are optimistic that enhanced efforts can be made to ensure that persistent challenges in programming and support to **fragile states are overcome**.

Case Study

A 'New Deal' for Somalia

The EU will support the country to move faster towards peace and prosperity — in line with the "New Deal" approach to help countries in fragile and post-conflict situations.

The tremendous changes Somalia has been through in the past year demonstrate the power of commitment to move the country away from civil war and destitution; a commitment by Somali leaders to meet their people's aspirations for a better future, and by the European Union and other international partners to support them on their path to reconstruction and stability. A military campaign, led by Amisom, the African Union Mission to Somalia, and the Somali national forces has driven Al Shabaab from large parts of the country. Pirate attacks have declined by 93 % over the past two years, and there has not been a single successful one in 2013. Terrorist attacks are still taking place on land, and the threat to life, security and stability remains real. But Somalis are returning from exile, investing and helping build a new state.

The EU and others must support them in this task of reconstruction, so that the new federal institutions can establish a viable federal state and hold elections as planned in 2016.The global aims to create a better future for all Somali people, by means of a dialogue and process that promotes political reconciliation and establishes peace, security, justice and sustainable development throughout the country.

The best platform to achieve this goal is the **New Deal framework** developed by the g7+ group and endorsed in Busan in 2011, specifically aimed at supporting fragile countries in transitioning towards stability. It ensures a clear focus on Somalia's most vital political, social and economic priorities: building inclusive politics, security, justice, the country's economic foundations, revenue collection and the provision of services.

As of December 2012, **the EU is a New Deal partner** for Somalia. On 16 September 2013, the Somalia New Deal Conference, held in Brussels, co-hosted by the European Union and Somalia, **endorsed the Somali Compact**, pledged support to enable its implementation and re-commit to the Somali political process. The agreed Compact lays a strong foundation for building reliable, transparent, accountable and functioning state institutions, respectful of the fundamental rights, freedoms and equality of its citizens.

It is led by the Government of Somali, with lead support of the EU and the donors working together. It has reached out involvement of all donors. Around €1.3 billion have been pledged by the EU (EU MS and the EU) to Somalia as of September 2014 (out of a total pledge of €1.8 billion). The EU will give €650 million, while the rest would come from countries such as Denmark, Germany, Sweden and the UK (14 EU MS have already pledged funds: Austria, Denmark, Finland, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherland, Spain, Sweden and UK). The EU contribution would be in addition to the $1.6bn provided to Somalia from 2008 to 2013.

In this context, the **Somalia Development and Reconstruction Facility (SDRF)** has been set up as a centrepiece of the New Deal partnership and in order to enhance the delivery of effective assistance to all Somalis. Closely aligned with the Somalia Compact principles, the **SDRF will serve as a mechanism for the federal Government of Somalia to oversee and guide the diverse activities** of its development partners. The SDRF establishment will be pragmatic and gradual, allowing for a steady transition towards full operational effectiveness, based on capacity and performance. In line with the Constitutional framework, the SDRF can channel resources to the Federal unit level. It will develop an agreed mechanism to ensure the engagement of regions.

The key objectives of the SDRF will be to:

- align resources behind critical Somali priorities determined in this Compact and ensure follow-up and monitoring of delivery;
- develop sustainable institutional capacity within Somali authorities by putting Somali institutions in the lead;
- facilitate a transition towards the full use of country PFM systems by establishing and strengthening those systems, starting with the national budget framework;
- increase the transparency and accountability of the delivery and management of international assistance in Somalia; and
- reduce transaction costs by pooling funds and adopting harmonised results reporting.

Background: Somalia the EU

The EU is the largest donor to Somalia with more than 1 billion euro over several years and engages through active diplomacy and support to the political process, security support, development assistance and humanitarian aid (particularly on governance, education and economic development).Priority is given to promoting a peaceful environment in which human rights are respected and democratic institutions can develop. Providing basic social services and creating an environment for sustainable and equitable economic growth will improve the lives of the poorest and the most vulnerable groups.

In addition, under the EU Common Security and Defence Policy (CSDP), the EU has also launched 3 missions to contribute to security challenges: (1) the Military Training Mission (EUTM) to support the Somali security forces, (2) the EU Naval Force (EU NAVFOR) operation “Atalanta” to fight piracy at sea, (3) the EUCAP NESTOR to develop regional maritime capacity of states in the Horn.

Thematic Paper | Transparency

Transparency

Transparency has become a shared principle of good development cooperation. Important dimensions of aid transparency include:

i. ***the way funds are provided, i.e.*** *within or outside national budget and public finance management systems;*

ii. ***predictability of funds' disbursement, i.e.*** *a key element in enabling proper planning and resource management; and*

iii. ***how much information on the use of funds is made public****.*

Transparency is a key pillar of development and a necessary condition to enable effectiveness, accountability and social change. For aid to be transparent, it needs to be shared openly - in a timely, comprehensive, comparable, accessible and forward-looking way. The 'International Aid Transparency Initiative' was launched in September 2008, at the High Level Forum on Aid Effectiveness held in Accra.

In 2011, the Busan Partnership for Effective Development Cooperation[1] made a specific commitment, stressing the importance of the transparency as one of the shared principles to achieve the common goals of reaching sustainable development results. It called for transparency and accountability to each other:

> *"Mutual accountability and accountability to the intended beneficiaries of our cooperation, as well as to our respective citizens, organisations, constituents and shareholders, is critical to delivering results. Transparent practices form the basis for enhanced accountability."(§11e.)*

Amongst other signatories, the **EU committed to implement a common, open standard for electronic publication of timely, comprehensive and forward-looking information on resources provided through development cooperation**[...], with the aim of implementing it fully by December 2015".

Committed to tracking EU aid

Transparency issues are a high priority on the post-Busan agenda both for the **EU and its Member States alike**. The political will in terms of transparency provides extra momentum, and the results of this policy are already materialising into concrete initiatives across the EU Member States.

At the Busan High Level Forum on Aid Effectiveness (HLF4), European Commissioner for Development, Andris Piebalgs, presented the European Union's common position with new proposals to make its aid more effective as "an **EU Transparency Guarantee**, which means that the EU Institutions and EU Member States will publicly disclose all information on aid programmes so that it can be more easily accessed, shared and published"[2].

Busan commitments:

§23. We will work to improve the availability and public accessibility of information on development cooperation and other development resources, building on our respective commitments in this area. We will:

a) Make the full range of information on publicly funded development activities, their financing, terms and conditions, and contribution to development results, publicly available subject to legitimate concerns about commercially sensitive information.

b) Focus, at the country level, on establishing transparent public financial management and aid information management systems, and strengthen the capacities of all relevant stakeholders to make better use of this information in decision-making and to promote accountability.

c) Implement a common, open standard for electronic publication of timely, comprehensive and forward-looking information on resources provided through development cooperation, taking into account the statistical reporting of the OECD/DAC and the complementary efforts of the International Aid Transparency Initiative and others.

This standard must meet the information needs of developing countries and non-state actors, consistent with national requirements. We will agree on this standard and publish our respective schedules to implement it by December 2012, with the aim of implementing it fully by December 2015.

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1 The European Commission and the EU Member States, except for Malta, are Busan endorsers; more on the OECD Website: http://www.oecd.org/dac/effectiveness/busanadherents.htm

2 Council Conclusions of 15.10.2012 (Financing for Development): "The EU will implement the European Transparency Guarantee and the commitments related to the common open standard for publication of information on development resources including publishing the respective implementation schedules by December 2012, with the aim of full implementation by December 2015, as set out in the Busan Outcome Document."

NETHERLANDS – *The Netherlands has developed the portal (Openaid.nl) which is now automatically generating the CRS data from its IATI data which is part of the idea of "publish once, use often". Every three months, the Ministry of Foreign Affairs publishes an update of all activities which are currently active on IATI website (http://iati.ckan.net/). Data includes information on commitments and expenditures, sectors, recipient countries and organisations, and types of aid, . In total, over 2000 activities are reported on. Openaid.nl pulls in the raw IATI data (on activities and organisations) published by the Ministry, and presents it on the site through an easy-to-use web interface.*

SWEDEN – *Building on a 2010 Transparency Guarantee for Swedish development cooperation, Sweden has launched an aid data portal (OpenAid.se), which is among the most user-friendly open aid portals currentlyavailable . It aims to adapt the Swedish cooperative development to today's realities, and the opportunities that globalisation and technological developments create.*

FINLAND – *Launched a new PX-Web-based statistics portal on development aid data at the end of 2013. In addition, Finland is processing to build a data warehouse which further improves the availability and accessibility of the official development aid data of Finland.*

SPAIN – *In December 2013, Spain launched an interactive, opendata web-based tool: the Info@ODAnalista (https://infoaod.maec.es/). This portal allows users to access Spanish cooperation data, from a database containing not only the main statistical reporting of the OECD – DAC on Spanish cooperation flows, but also more information related to national planning. Recently a Spanish Cooperation Portal has been developed to access documents including a database of Evaluations. It will be officially launched within the first semester of 2014.*

Within this initiative, the **EU and EU Member States are committed to disclosing all information** on their aid programmes - to ensure that data is more easily accessed, shared, published, and re-used. This "common, open standard" was broadly agreed to be a combination and progressive convergence of the two standards - the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) Creditor Reporting System and Forward Spending Survey (CRS++/FSS) and the International Aid Transparency Initiative (IATI). Implementing the common standard for publishing aid information is an important part of the Busan follow-up and will substantially contribute to reaching the aims of the Transparency Guarantee.

The **EU likewise** is a strong advocate of aid transparency. As one of the original signatories of IATI in 2008, it was among the front-runners in implementing the IATI standard and actively involved in its work. The EU's work should be considered as part of the strong collective EU and EU MS priority given to transparency in the run-up and follow-up to Busan High-Level Forum.

UK is leading in making information on development cooperation publicly available, with a Transparency Indicator score of 84%, followed by Netherlands (77%), Sweden and Finland with 64% (as per global transparency indicator developed for the Monitoring Framework of the Global Partnership)[3]. The **UK's Department for International Development (DfID)** has jumped from 5th place in 2011 to 1st place in 2012 in Publish What You Fund's Aid Transparency Index and continues to keep a leading position in this Index.

By December 2012, **the European Commission** and **20 EU Member States –** including all nine that are signatories to IATI - published implementation schedules. Of these the Commission and 10 EU Member States committed to implement all three elements of the common standard (CRS, FSS and IATI)[4]. In their schedules, the Commission and **13 EU MS set out plans for implementation of common standard by 2015**.

The Commission and **several** EU Member States (Denmark, Finland, France, Germany, Ireland, Netherlands, Spain, Sweden and UK) are publishing aid information to the IATI standard, as part of delivering on the EU commitment to implement the common standard by 2015. More EU MS have joined IATI in 2012 and 2013. Also some more EU Institutions, e.g. EIB signed IATI in 2013.

Some of the European Commission Departments and EU MS **publish data very regularly as often as 'monthly'**, e.g. the Commission's Directorate-General for Development and Cooperation – EuropeAid (DG DEVCO), DG Enlargement, DG Humanitarian Aid and Civil Protection (ECHO) and the Service for Foreign Policy Instruments (FPI), Denmark, Netherlands, Sweden, and UK. **EuropeAid publishes over 8000 activities to IATI annually[5].**

Collective EU publication to IATI represents 87% of EU-28 ODA.[6]

3 Global Partnership Monitoring Report, 2014.

4 http://www.oecd.org/dac/aid-architecture/acommonstandard.htm

5 2013 Publish What You Fund Aid Transparency Index (http://ati.publishwhatyoufund.org)

6 2013 EU Accountability Report, Table 4.2.3b

Highlights of progress

The EU Member States and the EU are committed to achieve transparent EU aid through a common standard, taking into account the OECD/DAC statistical reporting, the complementary efforts of the International Aid Transparency Initiative (IATI), and the **EU Transparency Guarantee**. Adoption of the EU Transparency Guarantee itself, in 2011, clearly demonstrates the strong EU commitment. Several EU Member States have also launched their National Aid Transparency Guarantees. Aid transparency has received a lot of attention and visibility. Although collective EU progress on aid transparency is mixed, the results of the **2013 Publish What You Fund's Aid Transparency Index** show that there have already been some significant improvements within a single year. A leading group of five EU MS (UK-DfID. Sweden, Denmark, Netherlands and Germany) and the EC Departments are demonstrating real political will and ambition to make their aid more transparent as promised in Busan, publishing large amounts of accessible, timely, comparable and comprehensive information about their aid[7].

During 2013, the European Commission has increased its efforts and has made significant progress. In addition to DG DEVCO, other EC Departments have been progressively improving the coverage and timeliness of their IATI publishing. Four Directorate-Generals - DG Development and Cooperation - EuropeAid, DG Enlargement, the European Community Humanitarian Office (ECHO) and the Service for Foreign Policy Instruments (FPI) - published to the IATI standard in July 2013.

In 2013, the EU and a number of EU Member States made important progress and improvements by publishing more information in accessible and comparable formats (rather than in PDF or Excel). The new EU project on Official Development Assistance (ODA) reporting capacity and systems in the new EU-13 Member States[8] provides these countries with a real opportunity to build the common standard into the software and systems that are being developed. The new EU MS as new donors are gradually developing their aid transparency mechanisms.

All **EU non-DAC donors** now also report their ODA to the OECD/DAC. The Commission continues to provide support to the EU's non-DAC donors to enhance their statistical reporting capacity. The EU-15 Member States[9] have all adhered to the new DAC CRS++ reporting formats.

Many EU Member States have developed and use national aid transparency tools, usually through their development cooperation's websites, and annual reports. Sweden, the Netherlands are examples of open data portals that EU MS use in order to publish their aid information. At the end of 2013, Spain launched an interactive website tool "Info@ODAnalista", France launched a participative portal, and Finland launched a new PX-Web-based statistics portal on development aid data.

The European Commission recently launched **EU Aid Explorer,** a unique web tool that provides easy access to clear, complete and accurate data on development and humanitarian aid around the world, covering activities of different donors. The EU Aid Explorer acts as a one-stop shop for aid information – it aims to share data and make it easy to search and visualise aid information from all donors.

7 2013 Publish What You Fund Aid Transparency Index

8 Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, and Slovenia

9 Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ieland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom

EU Aid Explorer – *The European Commission has recently launched EU Aid Explorer (https://euaidexplorer.jrc.ec.europa.eu), a new transparency tool currently in beta version. EU Aid Explorer makes aid data easy to search and visualise. It is an ambitious, comprehensive tool which covers all providers who publish to either IATI or OECD.*

POLAND – *The Polish MFA has been publishing relevant data and documents on the www.polishaid.gov.pl website. The range of published data covers some of the elements set in the IATI standard. A new, internet-accessible project database is being developed with the aim of making even more information on the "Polish Aid" development projects publicly available. The database is due to be launched in the upcoming weeks and could gradually support the historical data on "Polish Aid" development activities. It will significantly broaden the range, quantity and quality of disclosed information.*

UK DfID Development tracker:

In June 2012, UK's Department for International Development DfID launched its Open Data Strategy and in December 2012, the Secretary of State launched an Aid Transparency Challenge. This encourages DfID partners to improve their transparency, and make use of the open data on development cooperation as it becomes increasingly available. - The Development Tracker went fully live in October 2013, following four months in public Beta. The Development Tracker presents over 7,000 individual entries, grouped into around 3,500 projects, and presented in an interactive infographic. As more data is 'geocoded', users are increasingly able to zoom in on countries to see the local districts where money is being spent, with a breakdown of each project. Crucially, it lets people track development spend through not just UK government budgets but also through agencies that receive programme funding. The information on the site is from International Aid Transparency Initiative (IATI) data which is updated monthly.

***France piloting geo-coded reporting and "citizen feedback" on aid to Mali:** In 2013, the French Ministry of Foreign Affairs released a new interactive website on French aid to Mali (http://transparence.ambafrance-ml.org). This website is an innovative approach which provides information, not only on the data available for each project (budget, type of aid, partners, etc) but also on outcome and results of each project. Data are published to the internationally-agreed common standard of the International Aid Transparency Initiative in line with international criteria. The site presents all of France's aid projects in Mali and locates them on a map; allows the return of all citizens (in Mali or anywhere else) on these projects as part of a "citizen control"; and gives data in an accessible and reusable format. The project will roll out similar websites in 15 other developing countries. The international development community is also urging for the involvement of more donors in the initiative.*

DfID requires all NGOs that it funds to be IATI compliant, and this requirement is now be rolled-out to private sector contractors. This promotes **traceability throughout the aid implementation chain**, which is vital to promoting accountability.

Although at a more limited level, there have been attempts to find practical ways to embed IATI data with the partner countries aid management systems, and inform future partner country demands, e.g. in Democratic Republic of Congo, Honduras, Myamar, Nepal, and Rwanda.

Challenges in providing transparent aid

Transparency and even if progress was made by several EU MS and by the European Commission, for some EU MS these commitments remain very ambitious; in some cases far-reaching. Some EU MS donors are facing specific challenges.

Some of the challenges that are being faced in the attempts to report against the common standard are:

Implementation schedules - The commitment to Transparency Guarantee included the commitment for publishing the respective implementation schedules by December 2012. However not all EU MS have submitted an implementation schedule and some are incomplete. Some of the implementation schedules have been rated as "unambitious" or "incomplete" by Publish What You Fund[10]. Some of the EU MS are planning to revise these plans, so they are more ambitious, including full implementation of the common standard by the end of 2015.

Those EU MS who endorsed Busan but have not yet submitted implementation schedules are some of the newer Member States. Some EU Member States with smaller development cooperation budgets – Czech Republic, Estonia and Latvia – have started publishing information on their aid activities in machine-readable formats.

Limited capacities – For some of the EU Member States, with often smaller development budgets, their existing capacities may pose challenges. The EU-13 project for enhancing ODA reporting capacity and systems as well as more support and trainings are designed to support EU Member States to deliver on the 2015 deadline.

There are a number of EU Member States that is not publishing to IATI, however they are committed to promoting transparency, and do so by electronically publishing information in designated websites.

Frequency of reporting (timely data) – Some of the EC Departments and EU Member States report data very regularly, as often as 'monthly'. For some others data has been published in a less frequent basis, resulting not such good rankings on transparency indicators.

Forward-looking information and future-funding plans on international development assistance – progress is being made towards these important goals, but there is still work to be done since many EU Member States are not performing very well by not providing forward-looking budget information, also due to some restrictions in their legislations, e.g. annual budgets vs. Multi-annual budget forecasts.

10 2013 Publish What You Fund Transparency index

Data quality – Not all data published is of sufficient quality, for data exchange. Furthermore, the quality of data is assessed only to some extent. So far, the IATI "ranking" seems to rely more on quantity and cannot always validate the quality of data inserted.

Formats of publication – Over the past year, there has been an increase in the amount of information being published to IATI as the newest element of the common standard that provides timely and comparable data, and for the first time all IATI fields have been used. However much of the information that is being published by donors is not yet made available in accessible or comparable formats[11].

Traceability of aid flows – so far the data published in the common standard included mainly data from traditional aid providers, but not from the private sector (e.g. contracts with private companies - where the commercial interest of the recipients allow), South-South cooperation providers, International Financial Institutions (IFIs) or CSOs[12]. Also, distinguishing between grants and loans might be particularly important when the transparency of blending operations is considered.

"Publish once, use often" principle - Some EU Member States are concerned about reporting to DAC CRS++ and also publishing to IATI as an Open data standard. Which they consider to be inefficient and exceeding the capacity of certain donors. Concern has been raised about the ability to report just once and the ability for the information to be converted and be readable in a common format, although the Netherlands has been using its IATI data as a means to report to the CRS.

Sensitive information - Some EU MS are concerned about publishing sensitive information, whereby the law forbids information disclosure or the implementing party has reluctance to disseminate information to protect its neutrality, its role and its identity (e.g. humanitarian aid).

Use of data at country level - The next step is to see how information on development cooperation can make a difference at country level – so that partner countries can embed this data in their aid management systems and inform future country strategic programming, in order to use the data for effective decision making and planning. Preliminary experience with automatic data exchange has been already gained in various partner countries.

Predictability of cooperation flows - The EU has also made efforts to improve predictability of cooperation flows, although progress in this direction has been slower than desired. The increasing use of multi-annual development cooperation programmes, however, will likely deliver notable progress on predictability.

Combating corruption and illicit flows - the EU hopes for more progress towards attaining the Busan commitment on combating corruption and illicit flows though, where there remains a lot to be done.

The European Commission and EU Member States are committed to championing improved aid transparency in international fora and within the EU.

11 2013 IATI Annual Report (ATI)

12 However, the number of CSOs is increasing since most of the new publishers to IATI are CSOs

Case Study

Bringing Donor Data to the Country Level

The EU is committed to implement a common, open standard for electronic publication of **timely, comprehensive and forward-looking information on resources** provided through development cooperation. This standard must meet the information needs of developing countries and non-state actors, consistent with national requirements.

At the country-level, development finance transparency is important for government and development partners to know who's doing what in the country to promote more effective development, to build on synergies, and avoid duplication. For government, actual and forward information is important so that they can plan for volume of foreign exchange to expect in the coming years, and budgets/MTEFs/programming. One of the key aims of the commitment made in Busan is to improve the information available at partner country level so governments can plan and manage incoming aid resources more effectively.

Most of the developing countries neither use the OECD/DAC Creditor Reporting System (CRS), Forward Spending Survey (FSS), nor the International Aid Transparency Initiative (IATI). A**t present, finance and planning ministries typically rely on manual systems for collecting the information they need from individual donors at country level so that they can input it into budget and aid management systems.** This is a time-consuming process for both sides and often results in patchy/incomplete information.

The EU is still some way from integrating information at the global and country-levels. However, there have been efforts to make practical use of the data at country level, in order to use IATI for effective decision making and planning.

HONDURAS

In Honduras, publishing user-friendly aid information on a timely basis under the International Aid Transparency Initiative (IATI) and its Standard allows citizens to track what aid is being used for and especially to monitor what it is achieving. This also helps the Honduran government manage aid more effectively, so that every dollar targeted at fighting poverty does so. An Aid Management Platform was established with a set of software tools which improves the accessibility of aid information in Honduras through the web.

As is the case for many development partners, Honduras faced significant challenges in obtaining accurate and timely information. Development cooperation makes up almost 15% of the national budget and around 70% of public investment. Therefore it is of crucial importance to access aid data in very short timeframes, so as to be analysed and inserted into the Honduran national development plans.

In 2010, the Ministry of Planning and Foreign Cooperation (*SEPLAN*) was created. Information and documents regarding foreign cooperation were found in boxes in a warehouse. SEPLAN began a campaign of gathering information in various simple formats. In order to produce reliable and timely information for decision makers, Honduras saw the need to establish a modern system of handling aid data. In 2011, Honduras became a signatory of IATI and took decisive steps towards establishing an Aid Management Platform that could house the data provided by IATI. Honduras thus became the first country in Central America and the second middle-income country to use the AMP. The project was funded by the EU, CIDA, UNDP and the Government of Honduras.

A pilot study and AMP were set up at the Ministry, and eventually was made public, in 2013, with the creation of a simplified public portal: anyone with an internet connection can visit and have an overview of the international aid portfolio of Honduras. Georeferencing aid data has been crucial in helping identify which geographical regions have been neglected by donors, and those areas which have become saturated -and inevitably fragmented, due to project proliferation.

DEMOCRATIC REPUBLIC OF CONGO

In the Democratic Republic of Congo, where aid accounts for around 50% of the national budget, the government is monitoring aid flows into the country through three different ministries. They faced difficulties, as much of the information compiled was inconsistent and incomplete. In 2008, the Government of the Democratic Republic of Congo (DRC)'s Ministry of Planning set up an **AMP** to strengthen government processes and increase transparency and accountability. Funding partners were Belgium, France and the EC. Aid information flows through the Aid Information Management System, to allow for consistent and centralised access to aid data that can then be incorporated into the public financial management systems.

DRC volunteered to be **a pilot country to test embedding the IATI data** into the local AMP platform. After initially focusing on showing that it is possible to get data from multiple donor systems and converting it into one common standard format, in October 2012, IATI piloted automated data exchange between the IATI Registry and the AMP. The testing undertaken in DRC provided proof of concept for automated data exchange between IATI Registry and national aid management systems – and centrally complements and enriches the information that AMP staff collects from donors locally. The DRC pilot successfully demonstrated proof of concept for automated data exchange with a national AMP System. This contributes to an improved alignment of aid information with the national budget.

The **Democratic Republic of Congo thus became the first country to use IATI as a system to manage the inflow of aid information** coming from its development partners into their aid management unit in the Ministry of Planning. IATI data from three donors in DRC – the **UK'sDfID, Sweden SIDA and GAVI** - **is now being exchanged automatically**.

This contributes to an improved alignment of aid information with the national budget. For donor and government administrators on the ground in the DRC who manage and coordinate the flows of aid coming to the country, IATI registry also offers considerable added value in simplifying the process: the task of collecting, transferring and entering data has been reduced to a simple 15-minute 'verification' procedure. Although it will take time for this process to become mainstream, the staff in the Ministry responsible for capturing data have already found a reduction in the amount of time needed to transfer and enter data.

This automatic exchange of data between different partner systems only works if donor agencies provide data that is complete, of a common standard and in a timely manner. **As more and better quality data becomes available, the gains demonstrated in DRC will become more apparent.**

MYANMAR

Myanmar's recent opening up has seen a significant increase in the number of development partners and the amount of aid entering the country. Government was keen to get a **handle on the inflows in order to manage them** in the most effective way possible. In doing so however, care was taken to learn from the experiences of other developing countries. A workshop was organised and officials invited from other Governments in the region to see the pros and cons of the Aid Information Management Systems (AIMS) they had chosen. Following this, it was decided to opt for an **open-source, home-grown system for Myanmar**, to enable the exact needs of the country to be met and to save time and money, but at the same time to build something that complied with the standards of the International Aid Transparency Initiative (IATI).

Initially it was planned to draw down all the data for the system from the IATI registry but unfortunately it was found that many development partners' reporting to the registry on their work in Myanmar was incomplete. Therefore d**ata has now been sourced locally and put into IATI format.** Hopefully, in future this will act as an **incentive for development partners' to update their IATI data at the headquarters level.** The system is now tracking over US$2.5 billion dollars in aid commitments in the form of more than 1,200 individual development partner activities.

Given the IATI-compliant dataset, information from the system can easily be exported and combined with other data sets, used by civil society and citizens etc. This will make it, as far as we understand, **the first home-grown AIMS that has been built from the bottom up to align with IATI.** In addition to the AIMS, an online knowledgebase has also been established which brings together studies, presentations, strategies and other information of interest to Government, development partners and civil society, organising this information in a user-friendly way and making it all available in one place. All of this work has been done with EU financial support and with the aid of two EU-financed TAs who work directly with Government and development partners in country.

The Busan Commitments: An Analysis of EU Progress and Performance

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