OECD Development Co-operation Peer Reviews

EUROPEAN UNION

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The Development Assistance Committee: Enabling effective development

OECD

OECD Development Co-operation Peer Reviews: European Union 2018

BETTER POLICIES FOR BETTER LIVES

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Conducting the peer review

The OECD Development Assistance Committee (DAC) conducts periodic reviews of the individual development co-operation efforts of DAC members. The policies and programmes of each member are critically examined approximately once every five years, with six members examined annually. The OECD Development Co-operation Directorate provides analytical support, and develops and maintains, in close consultation with the Committee, the methodology and analytical framework - known as the Reference Guide - within which the peer reviews are undertaken.

The objectives of DAC peer reviews are to improve the quality and effectiveness of development co-operation policies and systems, and to promote good development partnerships for better impact on poverty reduction and sustainable development in developing countries. DAC peer reviews assess the performance of a given member, not just that of its development co-operation agency, and examine both policy and implementation. They take an integrated, system-wide perspective on the development co-operation and humanitarian assistance activities of the member under review.

The peer review is prepared by a team, consisting of representatives of the Secretariat working with officials from two DAC members who are designated as "examiners". The country under review provides a memorandum setting out the main developments in its policies and programmes. Then the Secretariat and the examiners visit the capital to interview officials, parliamentarians, as well as civil society and non-governmental organisations' representatives in the donor country to obtain a first-hand insight into current issues surrounding the development co-operation efforts of the member concerned. Field visits assess how members are implementing the major DAC policies, principles and concerns, and review operations in recipient countries, particularly with regard to poverty reduction, sustainability, gender equality and other aspects of participatory development, and local aid co-ordination. During the field visit, the team meets with representatives of the partner country's administration, parliamentarians, civil society and other development partners.

The Secretariat then prepares a draft report on the member's development co-operation which is the basis for the DAC review meeting at the OECD. At this meeting, senior officials from the member under review respond to questions formulated by the Committee in association with the examiners.

This review - containing both the main findings and recommendations of the Development Assistance Committee and the analytical report of the Secretariat - was prepared with examiners from Canada and Japan for the peer review of the European Union (EU) on 24 October 2018. The review process included a country visit to the Plurinational State of Bolivia and Mali. Among other issues, the review looks at how the EU has shown leadership in forging global agreements on sustainable development and climate change, and suggests the enhancement of a whole-of-EU approach in focusing on poverty reduction and countries that are most in need.

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Abbreviations and acronyms

ACP	African, Caribbean and Pacific
COHAFA	Council working party on Humanitarian Aid and Food Aid
CSDP	Common Security and Defence Policy
CSO	Civil society organisations
CRS	Creditor Reporting System
DAC	Development Assistance Committee (OECD)
DCI	Development Co-operation Instrument
DG	Directorate General
DG DEVCO	Directorate-General for International Cooperation and Development
DG ECHO	Directorate General for European Civil Protection and Humanitarian Aid Operation
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations
EC	European Commission
EDF	European Development Fund
EEAS	European External Action Service
EFSD	European Fund for Sustainable Development
EIB	European Investment Bank
EIP	External Investment Plan
ERCC	Emergency Response Coordination Centre
EU	European Union
EURF	European Union Results Framework
EUTF	European Union Trust Fund
FPA	Framework partnership agreement
GAP	Gender Action Plan
GDP	Gross Domestic Product
GNI	Gross national income
HR/VP	High Representative of the Union for Foreign Affairs and Security Policy
IMF	International Monetary Fund
IOM	International Organization for Migration
LDC	Least developed country

LIC	Low income country
LMIC	Lower middle income country
MFF	Multiannual Financial Framework
MIC	Middle income country
NGO	Non-governmental organisation
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
PCD	Policy coherence for development
SDG	Sustainable Development Goal
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union
UMIC	Upper middle income country
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WFP	World Food Programme
WP-STAT	Working Party on Development Finance Statistics

Signs used

EUR	Euro
USD	United States dollar
( )	Secretariat estimate in whole or part
-	(Nil)
0.0	Negligible
..	Not available
…	Not available separately but included in total
n.a.	Not applicable
p	Provisional

Slight discrepancies in totals are due to rounding.

Annual average exchange rate: 1 USD = EUR

2011	2012	2013	2014	2015	2016	2017
0.719	0.778	0.753	0.754	0.902	0.904	0.887

The European Union’s aid at a glance

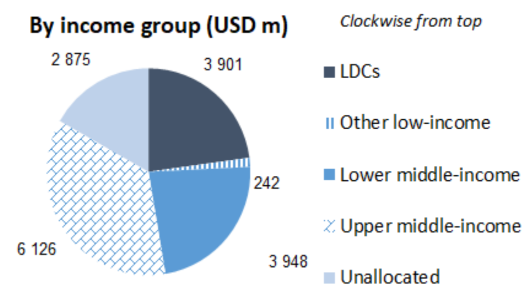
Figure 0.1. The European Union’s aid at a glance

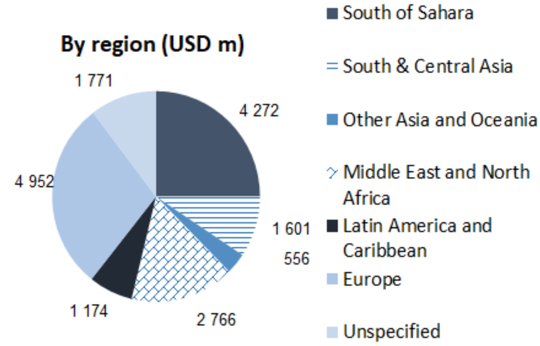
EU INSTITUTIONS

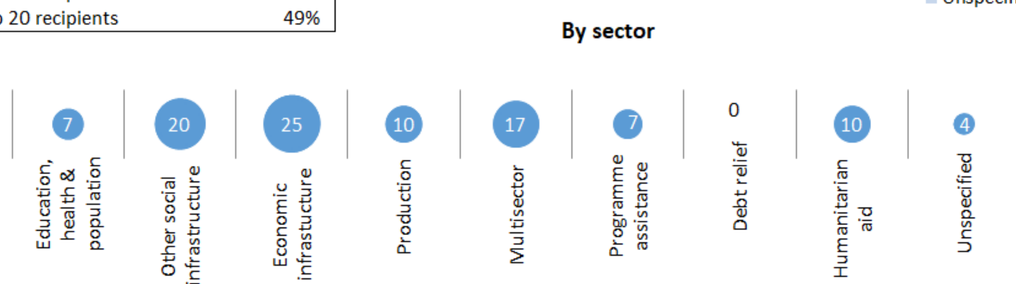
Gross Bilateral ODA, 2015-16 average, unless otherwise shown

Net ODA	2015	2016	2017[p]	Change 2016/17
Current (USD m)	13 670	17 106	16 450	-3.8%
Constant (2016 USD m)	13 734	17 106	15 967	-6.7%
In Euro (million)	12 323	15 469	14 592	-5.7%
Bilateral share	99%	98%	98%	

Top Ten Recipients of Gross ODA (USD million)	
1 Turkey	2 878
2 Morocco	534
3 Serbia	477
4 Tunisia	414
5 West Bank and Gaza Strip	414
6 Ukraine	363
7 India	304
8 Afghanistan	296
9 Syrian Arab Republic	274
10 Egypt	267
Memo: Share of gross bilateral ODA	
Top 5 recipients	28%
Top 10 recipients	36%
Top 20 recipients	49%

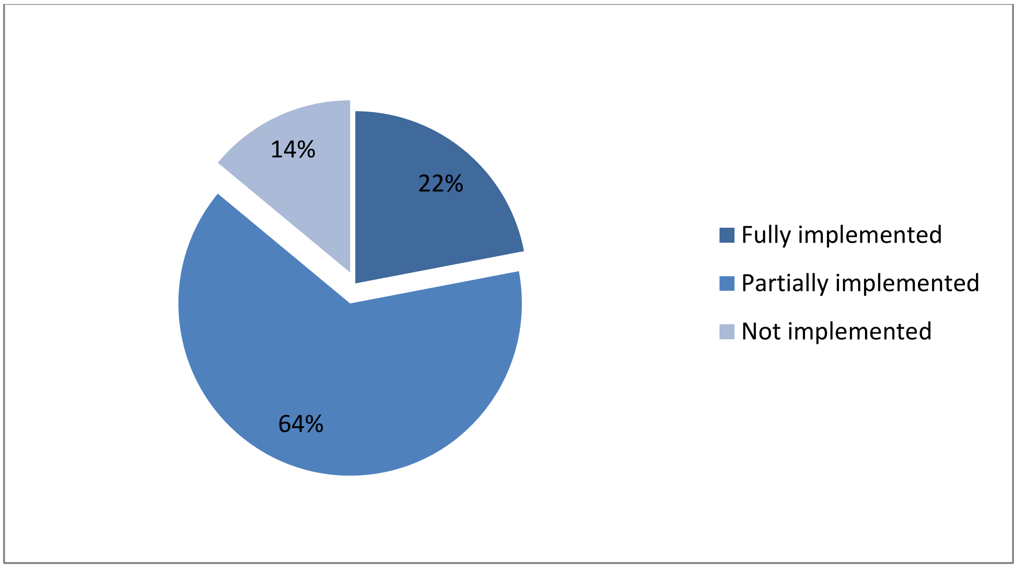






Source: OECD DAC.

Figure 0.2. The European Union's implementation of the 2012 peer review recommendations



Context of the peer review of the European Union

Political and economic context

A range of political and economic factors have affected the context for the European Union's development co-operation since the last OECD DAC review in 2012. After years of recession following the 2008-09 financial crisis, a positive economic momentum has taken hold in the European Union (EU), spurred by accommodative monetary policy, mildly expansionary fiscal policy and a recovering global economy. Growth continued in 2017 - although at a moderated pace in the first quarter of 2018 - with income inequality in EU countries on average lower than in other OECD countries. At the same time, unemployment is higher than it was before the global financial crisis, while real wages are stagnating in a number of member states.

In this challenging budgetary environment, the EU's overall budgetary disbursement fell slightly from EUR 135 billion in 2012 to EUR 133 billion in 2017 in real terms (2016 prices). On the other hand, the gross disbursement of EU institution's official development assistance (ODA) increased from USD 17 billion to USD 19 billion over this period, although only roughly half of this amount comes from the above regular EU budget.

Institutionally, the European Union has strengthened its co-ordinating role with member states, adopting the Global Strategy for the European Union's Foreign and Security Policy in 2016 and the new European Consensus on Development in 2017 as a comprehensive common framework for European external action and development co-operation. At the same time, however, a number of member countries are experiencing a rise in nationalist sentiment and backlash against multilateralism, following an unprecedented surge in migrants and refugees from developing countries in 2015 and perceptions since that migrant in-flows continue to be higher than they are in reality.

A further impact on the context is the vote supporting a United Kingdom withdrawal from the EU, commonly referred to as Brexit, or British exit. On 23 June 2016, citizens of the UK voted to leave the European Union. On 29 March 2017, the UK formally notified the European Council of its intention to leave the EU by triggering Article 50 of the Lisbon Treaty. For the time being, the UK remains a full member of the EU, providing an estimated 7% of its overall budget, with rights and obligations continuing to be fully applied (OECD, 2018). In 2016, the United Kingdom channelled approximately 12% of its total ODA through the EU budget and the European Development Fund. In turn, this represented approximately 12% of the EU's total external action finance (OECD data, House of Lords, 2018). For a glossary of the European Union's development co-operation system, see Annex B.

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The DAC's main findings and recommendations

The European Union has demonstrated global leadership and strong commitment to development effectiveness

The European Union (EU) has shown leadership in its efforts towards reaching global agreements on sustainable development and climate change, as well as in shaping the international humanitarian landscape. Its extensive use of budget support and variety of delivery instruments are enhancing ownership and inclusiveness in partner countries. The EU is also working closely with member states, civil society organisations (CSOs), local authorities and their associations in building global citizenship across Europe.

Against the backdrop of a difficult economic situation following the 2008-09 financial crisis, rising nationalism and impending exit of the United Kingdom, the EU has addressed a number of recommendations from the last peer review, notably:

- Building a common EU strategic vision with member states by updating the European Consensus on Development in 2017 with the objective of eradicating poverty and contributing to the 2030 Agenda for Sustainable Development.
- Leading humanitarian assistance by sharing clear policy guidance and carrying out rapid responses with member states.
- Championing the development effectiveness agenda by becoming more transparent, inclusive, timely and flexible as well as increasing the use of programmatic approaches.

The EU is showing leadership in the global arena and in humanitarian assistance

In addition to being the world's largest donors (in terms of the combined official development assistance (ODA) of EU and member states), the EU has stepped up its efforts to play a key role in the provision of important global public goods. In particular, it has demonstrated strong leadership on sustainable development by forging alliances to find solutions to global challenges. For example, the formation of common EU positions for the 2030 Agenda for Sustainable Development and the Paris Climate Agreement were instrumental in securing these agreements.

The EU is also shaping the international humanitarian landscape based on solid policies, an extensive field network, well-recognised expertise, a diversified pool of partners and an effective civil protection mechanism. Further, it is able to rapidly deploy different funding sources for humanitarian aid when needed. In complex conflict settings, the Directorate General for European Civil Protection and Humanitarian Aid Operations (DG ECHO) is committed to implementing the EU's comprehensive approach to humanitarian aid by defending humanitarian principles and by responding coherently with other EU instruments. A diverse and robust programming toolbox, which includes humanitarian, development and stabilisation instruments with different time horizons, also enhances the EU's coherence across the humanitarian-development-peace nexus.

Development effectiveness is improving, driven by partnerships and budget support

The EU champions the development effectiveness agenda, which is enshrined in the 2017 European Consensus on Development. It has made progress on several international commitments, such as deepening its multi-stakeholder partnerships, notably with a more structured engagement with CSOs, local authorities and their associations, and the private sector. Furthermore, the European Commission's performance-based and differentiated budget support - which comprises 15% of the Commission's ODA - is widely appreciated by partner countries, particularly when used in synergy with other instruments and programmes. The variety and mix of delivery instruments also enable EU delegations to tailor programming to the needs, priorities and capacities of partner countries, thereby enhancing ownership and inclusiveness.

Awareness raising efforts are building global citizenship across Europe

Public support for helping developing countries is high in EU member states, averaging 89% in 2017. The EU has made efforts to increase public awareness of global issues across member states. It has expanded its tools - including through social media, events such as European Development Days and the online DEVCO Academy - to build citizens' awareness of global sustainable development issues, even beyond development co-operation. The EU's development education and awareness-raising programme (DEAR) also funds CSOs and local authorities to strengthen citizens' understanding of various development issues. Thus, in working closely with member states to build global citizenship, the EU is promoting a comprehensive and whole-of-society contribution to sustainable development and global public goods.

The European Union can build on its achievements

Strategies, safeguards, and a comprehensive roadmap for meeting policy aspirations are needed

The 2017 Consensus is fully aligned with the 2030 Agenda for Sustainable Development and structured around its five core themes of people, planet, prosperity, peace and partnership. The Consensus states that the cross-cutting elements for the EU and its members to implement are youth; gender equality; mobility and migration; sustainable energy and climate change; investment and trade; good governance, democracy, the rule of law and human rights; innovative engagement with more advanced developing countries; and mobilising and using domestic resources. It also commits the EU and member states to prioritise eradicating poverty, tackling discrimination and inequality, and leaving no one behind.

At the same time, the EU and member states have an action plan on gender equality that commits them to increase their gender equality efforts. The EU has made progress on this front, but there needs to be improvements to enhance capacity, incentives and measures of organisational performance across EU actors to ensure impact on the ground and to meet the level of ambition. On environment and climate change, the EU has also made progress in mainstreaming, capacity development, quality control and dedicated staffing at headquarters, but is yet to develop a strategy, despite the recommendation in the 2012 Peer Review. Furthermore, when engaging in fragile contexts, the EU increasingly uses emergency trust funds, pooling resources to provide a coherent response to crisis. The EU should undertake measures to maintain and further uphold the alignment of such instruments to partner countries' development priorities, especially in dealing with migration issues. Focusing trust funds on specific crisis contexts will also help strengthening coherence with other EU instruments.

In line with the concentration principle proposed in the Agenda for Change in 2011, although not reconfirmed in the Consensus, the EU's country programmes have been focusing on a maximum of three sectors per country since 2014. The implementation of this principle was indeed observed in Bolivia and Mali. At the same time, the thematic funding, trust funds, investment funds and the European Investment Bank (EIB) do not necessarily finance the three priority sectors in each country. Thus, further effort to consolidate EU-wide activities around priority sectors could be explored, in order to bring better synergy and coherence among EU actors**.**

More broadly, in reflecting the 2030 Agenda and the EU Global Strategy, the European Commission has just presented a proposal for a comprehensive financial instrument for implementing the Consensus[1] within the next Multiannual Financial Framework (MFF) 2021-27. This proposal offers an important opportunity to elaborate how the EU, its institutions, and member states intend to remain focused on poverty eradication. It may also serve as a basis for developing operational guidance on how EU actors - among them the EIB which disburses 27% of the EU's gross ODA - and member states will work coherently, particularly in focusing on the poorest countries and leaving no one behind.

Recommendation:

i. In view of the negotiations for the MFF 2021-27, the EU should:

- **Establish operational guidance on how the EU, its institutions and the member states as a whole will implement the Consensus by remaining focused on poverty reduction and sustainable development, building on the comprehensive financing instrument proposed by the European Commission.**
- **Further strengthen measures of organisational performance against the gender action plan.**
- **Develop an explicit strategy for furthering environment and climate change objectives.**
- **When creating new trust funds, maintain and further uphold the alignment of objectives with partner countries' development priorities and limit where possible their scope to a specific crisis context.**
- **Further consolidate the EU programme around priority sectors in its partner countries.**

Policy coherence for development needs to focus on impact

In line with the OECD Ministerial Declaration, 2030 Agenda and the 2017 Consensus, the EU is deepening its commitment to policy coherence for development. For example, over the past decade, the EU has worked to transition to a partnership model based on trade rather than solely aid, including in Sub-Saharan Africa where two-way trade by member states exceeds USD 300 billion annually. Furthermore, the EU reformed the Everything but

[1] European Commission: "Proposal for Regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument", dated 14.06.2018 COM (2018) 460.

Arms initiative to support more imports from least developed countries (LDCs) by reducing competitive pressures. During 2016, EU member states imported EUR 24 billion from the 49 countries benefitting from the initiative, making the EU member states the world's most open market for LDCs. At the same time, some EU agriculture and trade policies are responsible for significant negative spill over effects on developing countries, which need to be addressed.

The Commission has included policy coherence for development as a regular agenda item in the inter-service steering group for the implementation of the 2030 Agenda. It has also developed a mechanism to assess economic, social and environmental impacts, which applies to impacts on developing countries as well. At the same time, the biennial reporting on policy coherence for development has its limitations in describing the actual or potential impact of all EU and member state policies that have a positive or negative impact on the development aspirations of developing countries. Furthermore, although member states are required to report to the Commission on efforts towards policy coherence for development, such reporting is uneven, since the extent to which EU Member States prioritise policy coherence for development is not uniform.

Recommendation:

ii. Building on its work to strengthen policy coherence for development, the EU should:

- **Better identify impacts of EU and member state policies on developing countries in its reporting, beyond actions taken.**
- **Systematically follow up on EU member states' efforts to promote policy coherence for development.**

The EU should demonstrate clearer value added in channelling funds to multilaterals and development finance institutions

Acting as an individual donor in its own right with a *sui generis* legal nature, the EU provides a significant amount of funds to multilateral organisations in line with its commitment to multilateralism for a more efficient response to collective challenges. In 2015-16, approximately 24% of the Commission's bilateral ODA - totalling on average USD 3 billion per year - was channelled through multilateral organisations, most of which were UN agencies. This proportion is high compared to the country average of 16% of bilateral ODA by the 20 EU DAC member states. The added value of this type of modality for the EU could be highlighted further so that it can be assessed correctly, given the significant transaction costs involved. A clearer rationale and a more transparent approach could help inform choices and ensure that funding is adding value.

In response to the call of the Addis Ababa Action Agenda, the EU promotes activities to enhance financing for development. For example, the Commission adopted a Collect More - Spend Better approach in 2015 to contribute to improving domestic resource mobilisation and public financial management in partner countries. The Commission has also facilitated several developing countries to join the Global Forum on Transparency and Exchange of Information for Tax Purposes to combat illicit financial flows.

The EU further launched the External Investment Plan (EIP) to mobilise private investors in Africa and the European neighbourhood countries. The plan includes the European Fund for Sustainable Development (EFSD), which offers guarantees mostly to the EIB, European Bank for Reconstruction and Development (EBRD), and European development finance institutions (DFIs). In doing so, the EU has addressed the challenges cited in the evaluation of blended finance operations regarding the lack of diversification of implementing partners and heavy focus on infrastructure projects and middle income countries. Moving forward, the EU should keep ensuring that partner country priorities are well targeted and elaborate better the added value of the EFSD to all stakeholders, including partner countries, the business community, and civil society. In addition, while the EFSD provides an open platform to enhance collaboration among the Commission and European DFIs (including EIB), in the context of the EIP, strengthened co-operation to help improve the investment climate through policies in partner countries would make the EU's contribution to the Addis Agenda more coherent, comprehensive and effective.

Recommendations:

iii. In channelling funds to multilateral organisations, the Commission should articulate a clearer rationale to ensure added value.

iv. In implementing the External Investment Plan, the EU should:

- **Ensure that partner country priorities are well targeted when mobilising finance for sustainable development and elaborate the valued added of the EFSD to all EU stakeholders.**
- **Develop an evidence-based and whole-of-EU approach, driven by EU policies to mobilising private investment, by enhancing collaboration between the Commission and the EIB, as well as the EBRD and other European DFIs, including on how to improve the investment climate.**

Joint programming and results-based management could be enhanced

The EU's joint programming exercises help support the 2030 Agenda and advance the effectiveness agenda in partner countries, as they harmonise efforts towards joint analysis and commonly agreed objectives. They also potentially facilitate collaboration, a clearer division of labour and greater visibility of European support. At the same time, recent reviews suggest that joint programming should ensure greater partner country ownership, joined-up dialogue and decision making, better synchronised programming cycles, and strengthened mutual accountability through joint results frameworks. Efforts to expand the implementation of joint programming should thus continue in a pragmatic way, tailored to each country context, in order to deliver on the high ambition of making European development co-operation more effective.

In line with the 2017 Consensus that committed EU institutions and member states to align their results to the 2030 Agenda, the EU has made significant progress in establishing results frameworks that facilitate target setting and in providing incentives to achieve goals at the country level. At the corporate level, however, it is not obvious how all the results information and data collected, as well as findings from all the evaluations, contribute to policy steering or common learning. In addition, most evaluations are decentralised and uploaded to the EVAL Module, but the public does not have access to the repository. Moreover, it is difficult to determine value for money due to the lack of criteria for assessment. Communications to policy makers and the public that draw on results frameworks and evaluations could also be enhanced. This could be done by articulating a stronger analysis and narrative on the contributions of the EU as a whole to country level outcomes that are aligned to the Sustainable Development Goals.

Recommendations:

v. **The EU and its member states should continuously expand and refine implementation of their joint programming strategy, including by reinforcing partner country ownership and strengthening results-based approaches, in support of the 2030 Agenda and the SDGs.**

vi. **The EU should make better use of its results information and evaluations:**

- **In determining overall achievements, trends, common factors in success and/or failure, value for money, and policy making.**
- **In communications by articulating a stronger narrative on the contributions of EU institutions as a whole to country-level outcomes.**

vii. **The Commission should make decentralised evaluations more accessible to the public in order to enhance transparency and accountability.**

The European Union needs to address some challenges

The EU needs to enhance its co-ordinating role in achieving the ODA targets and increase its aid to least developed countries

The first European Consensus on Development in 2005 committed the Commission to carry out a co-ordinating role in encouraging member states to attain the targets of 0.7% ODA/GNI and 0.15%-0.2% of GNI in aid to LDCs by 2015. As these targets were not met by most EU member states, the commitments were reaffirmed in the new Consensus in 2017, to be attained by 2030. Thus, while development co-operation is a shared competence for the EU and its member states - and member states alone can decide on their ODA allocations - the EU will have to use its co-ordinating role more effectively in encouraging member states to meet their commitments in the coming years. This may become particularly challenging with the departure of the United Kingdom from the EU, as it has achieved the 0.7% target and also made significant contributions to the EU's diplomatic, security and development assets throughout the years.

The EU institutions' own ODA could be better targeted to support LDCs. In 2015-16, 43% of the EU's allocable bilateral ODA disbursements went to upper middle-income countries (UMICs). In the same period, only 27% of such ODA went to LDCs, which is a low proportion compared to the country averages of EU DAC members at 37% and all DAC countries at 40%. The proportion of EU aid going to UMICs is relatively high particularly due to the heavy focus of EIB loans to this income grouping. At the same time, most of the top recipient countries of the Commission's grants are LMICs and UMICs, which saw an increase due to humanitarian aid going to these income groupings following conflicts that caused massive forced displacements and severe humanitarian emergencies. These countries include Turkey, West Bank and Gaza Strip, Syrian Arab Republic, and Ukraine.

Recommendation:

viii. In implementing the Consensus regarding ODA targets, the EU should:

- **Take steps to use its co-ordinating role more effectively in encouraging member states to attain the ODA targets.**
- **Lead by example by allocating more resources to LDCs.**

Challenges with systems and staffing continue

The Commission's development co-operation remains administratively heavy. Its approval processes for both policy and programming are complex due to the number of institutional and external actors involved. Some of these challenges may be resolved in the next MFF 2021-27, as it includes a plan to consolidate numerous financial instruments. To date, however, implementing partners have criticised the time-consuming PAGoDA agreements, for instance, although improvements have recently been made. While the EU's procurement and contracting systems are recognised as inclusive and transparent, they are also difficult to understand. The Commission could therefore continue efforts to make planning, approvals and contracting for its activities less time-intensive.

The Commission could build on progress made - such as enhanced use of partners' systems - in simplifying procedures and reducing transaction costs in partnering with civil society organisations, in particular by further lightening their reporting burden. This could include greater reliance on streamlined or shared assessment mechanisms, including with the EU member states. At the field level, minimising administrative burden, increasing efficiencies and modernising IT systems would free up time of senior officials for more strategic work in the delegations. Increasing the delegations' budgetary authority would also help enhance the flexibility of the EU to respond faster to changes in needs and country contexts.

In this context, while the EU is supporting innovation in a number of important areas such as state-building contracts and the EIB's green bond and Sustainability Awareness Bond, there is room to better balance its risk management demands with an innovation culture. In other words, the EU will need to pay attention to the trade-offs around high administration and management costs that could stifle appetite for innovation and intelligent risk-taking that could improve development impact.

In terms of organisational structure, the European External Action Service (EEAS) was established in 2010 to develop and implement the EU's Foreign and Security Policy, including for development co-operation. While reliant on the various Directorate Generals to do its work, the EEAS is placed outside the Commission. It is mandated to ensure that all EU policies are coherent and consistent with the principles, values and objectives of EU external action. The EU's external development co-operation function was further reconfigured in 2011 with the establishment of DG DEVCO, thus consolidating policy and management functions.

Despite these organisational changes, some of the human resource challenges observed in the last Peer Review were still present across all EU institutions: disparities in conditions and career opportunities among different employment categories; difficulties in retaining technical expertise and knowledge; and relatively low staff morale. Furthermore, as there has been a reduction of specialist skills, DG DEVCO should constantly ensure that it has the right mix of specialist skills and generalist/diplomatic profiles. This is essential in enabling the EU to make informed decisions on development co-operation, to engage strategically with developing country partners and to deal with an increasing number of complex crises.

Recommendations:

ix. **The Commission could build on progress in simplifying procedures and responding faster by:**

- **Reducing the reporting burden through greater reliance on streamlined and/or shared assessment mechanisms, particularly in partnering with CSOs.**
- **Increasing the budgetary authority of the delegations.**
- **Encouraging and incentivising innovation to improve its administrative systems, working methods and development impact.**

x. **The EU should regularly review and adjust its human resource policies to ensure that its system has staff with appropriate skills and knowledge in the right places.**

Summary of Recommendations

List of all recommendations featured above:

i. **In view of the negotiations for the MFF 2021-27, the EU should:**

- **Establish operational guidance on how the EU, its institutions and the member states as a whole will implement the Consensus by remaining focused on poverty reduction and sustainable development, building on the comprehensive financing instrument proposed by the European Commission.**
- **Further strengthen measures of organisational performance against the gender action plan.**
- **Develop an explicit strategy for furthering environment and climate change objectives.**
- **When creating new trust funds, maintain and further uphold the alignment of objectives with partner countries' development priorities and limit where possible their scope to a specific crisis context.**
- **Further consolidate the EU programme around priority sectors in its partner countries.**

ii. **Building on its work to strengthen policy coherence for development, the EU should:**

- **Better identify impacts of EU and member state policies on developing countries in its reporting, beyond actions taken.**
- **Systematically follow up on EU member states' efforts to promote policy coherence for development.**

iii. **In channelling funds to multilateral organisations, the Commission should articulate a clearer rationale to ensure added value.**

iv. **In implementing the External Investment Plan, the EU should:**

- **Ensure that partner country priorities are well targeted when mobilising finance for sustainable development and elaborate the valued added of the EFSD to all EU stakeholders.**
- **Develop an evidence-based and whole-of-EU approach, driven by EU policies to mobilising private investment, by enhancing collaboration between the Commission and the EIB, as well as the EBRD and other European DFIs, including on how to improve the investment climate.**

v. **The EU and its member states should continuously expand and refine implementation of their joint programming strategy, including by reinforcing partner country ownership and strengthening results-based approaches.**

vi. **The EU should make better use of its results information and evaluations:**

- **In determining overall achievements, trends, common factors in success and/or failure, value for money, and policy making.**

- **In communications by articulating a stronger narrative on the contributions of EU institutions as a whole to country-level outcomes.**

vii. **The Commission should make decentralised evaluations more accessible to the public in order to enhance transparency and accountability.**

viii. **In implementing the Consensus regarding ODA targets, the EU should:**

- **Take steps to use its co-ordinating role more effectively in encouraging member states to attain the ODA targets.**
- **Lead by example by allocating more resources to LDCs.**

ix. **The Commission could build on progress in simplifying procedures and responding faster by:**

- **Reducing the reporting burden through greater reliance on streamlined and/or shared assessment mechanisms, particularly in partnering with CSOs.**
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- **Encouraging and incentivising innovation to improve its administrative systems, working methods and development impact.**

x. **The EU should regularly review and adjust its human resource policies to ensure that its system has staff with appropriate skills and knowledge in the right places.**

Secretariat's Report

Chapter 1. The European Union’s global efforts for sustainable development

Efforts to support global sustainable development

Peer review indicator: The member plays an active role in contributing to global norms, frameworks and public goods that benefit developing countries

The size and reach of the European Union make it a unique and influential player in efforts to support global sustainable development, both as an actor and as a promoter of collective norms and standards. Since the last review, the Commission has strengthened its co-ordination and convening role with member states, driving common positions in the negotiation of key global agreements. However, these gains are under threat from rising nationalist pressures in a number of member states.

A global leader under new pressure from the rise of nationalism

The European Union (EU) plays a key role in shaping and supporting global sustainable development. In addition to being the world’s largest aid donors (in terms of combined Official Development Assistance (ODA) of EU and member states), it exerts a high degree of influence on global trade arrangements, is an important leader in the fight against climate change, and exercises a critical role in global peacekeeping. These actions help promote sustainable economic growth and peace globally, bringing benefits within and beyond EU borders.

The 2012 DAC peer review, recognising that the Lisbon Treaty[1] offered opportunities to reinforce the EU’s global leadership role, recommended its institutions to build a common strategic vision with member states. The adoption of the Global Strategy for the European Union’s Foreign and Security Policy in 2016 (hereafter the Global Strategy) and the new European Consensus on Development in 2017 (the Consensus) constitutes important progress in the EU’s efforts to co-ordinate external action (Chapter 2). Furthermore, the development of common positions has strengthened the EU’s leadership role in global debates, including through forging strategic alliances in regional and multilateral institutions to find collective solutions to global challenges. For example, common EU positions for negotiations leading up to the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda were found to be instrumental in securing these agreements (Bodenstein, Faust and Furness, 2017). In addition, the EU played a decisive role in reaching an accord on the Paris Climate Agreement through its work in establishing the High Ambition Coalition - a group consisting of 79 African, Caribbean and Pacific (ACP) countries, the United States and all EU member states - which forged a strategic alliance among developed and developing countries (Schneider, 2017).[2]

However, while collective action in external policy has long been a central challenge for European integration, the EU’s potential for exercising global leadership on international development is increasingly threatened by the rise of nationalism in some of its 28 member states, particularly those affected by economic crisis, and by both real and perceived increases in migration and refugee flows (Eurobarometer, 2017). The status of development policy as a shared competence,[3] with an underlying division of labour among EU institutions and member state actors, reflects the need to find a balance between collective EU objectives and the individual national interests of EU member states. While the impact of Brexit on the EU's development finance budget and global leadership role in sustainable development is yet to be tested, the loss of British diplomatic, security and development assets could be a challenge for the EU (Castillejo et al., 2018; Olivié and Pérez, 2017).

Support for global agendas and commitments

The EU is widely recognised for its positive impact on global agendas and commitments to sustainable development in an increasingly complex international environment (Bodenstein, Faust and Furness, 2017; Olivié and Pérez, 2017). Since the last DAC review in 2012, the EU has been instrumental in advancing the negotiation of the 2030 Agenda and the Sustainable Development Goals (SDGs) by insisting that these be universal in nature. The EU's Global Strategy takes into consideration the SDGs in order to make Europe strong by promoting the security and prosperity of its citizens. This is to be carried out by strengthening security, resilience, integrated approach to conflicts and crises, regional orders and global governance. In particular, for a more prosperous Union, it calls for greater co-ordination between the EU and member states, the European Investment Bank (EIB) and the private sector.

The Consensus, on the other hand, is fully aligned with the 2030 Agenda. The agreement, structured around the five key pillars of the SDGs (people, planet, prosperity, peace and partnerships), supports a comprehensive approach to implementation by underlining the link between development and other policies. It also reiterates the commitment by EU member states to reach the goal of 0.7% of ODA/GNI by 2030 and to allocate 0.15%-0.20% of ODA/GNI to least developed countries.

A focus on addressing global challenges where the EU can have greatest influence

In line with the priorities set out in its Global Strategy and the Consensus, the EU has a broad-based approach to engagement on global challenges. Among these are:

- fighting climate change, resource scarcity, and environmental degradation
- development finance (combining traditional aid with other resources)
- transnational crime and tax avoidance
- migration and population movement
- pandemics and other public health crises
- global insecurity and violence.

To support implementation of these priorities, the EU has put in place a number of flagship initiatives aimed at mobilising additional resources and innovative solutions to achieve the SDGs. For example, it has demonstrated leadership in promoting domestic revenue mobilisation and improving efficiency in public spending through its Collect More - Spend Better initiative[4] by focussing on allocating national budgets for social spending (EC, 2015d). As a founding member of the Addis Tax Initiative, the EU also works actively with the Group of Twenty (G20), the OECD, international finance institutions and the United Nations to support the Platform for Collaboration on Tax to improve co-ordination and capacity of developing countries on global tax issues (OECD, 2018). The EU plays a critical role in global peacebuilding and is widely recognised for its staying power, leadership and sustained support for joined-up regional security efforts, as was evidenced in Mali (Annex D). The recently published EU Global Strategy Implementation Report provides a range of other examples of how the EU is responding to global risks - developing a new EU action plan on sustainable forest management,[5] supporting developing countries to meet international standards on anti-money laundering and counter-terrorism finance, and creating the European Medical Corps for heath crisis responses (e.g. pandemics) within and beyond EU borders (EEAS, 2018).

It is clear that, by stepping up efforts to better respond to global challenges over recent years, the EU plays a key role in the provision of certain global public goods, such as climate change policy, security and support for innovative research.[6] At the same time, the EU continues to attract criticism for spreading its efforts too thinly across too many global public goods agendas without a clear strategic focus (Castillejo et al., 2018; Gavas, 2013).[7]

Policy coherence for development

Peer review indicator: Domestic policies support or do not harm developing countries

Collectively, the policies of the EU and its member states have an immense impact on developing countries. In recognition of this fact, the EU is deepening its overall commitment to policy coherence for development, in line with the 2030 Agenda for Sustainable Development, including by strengthening its screening mechanism to encompass ex-ante impact assessments and allowing public scrutiny. However, challenges remain in the extent to which all policies with potential development impacts are screened across EU member states.

A high level of political commitment to policy coherence for development, but further efforts required in implementation

As a global development actor and policy-making system, the EU has an impact on developing countries that extends well beyond its contribution to ODA. For example, as Box 1.1 shows, over the past decade, the EU has worked to transition to a partnership model based on trade rather than solely aid, including in Sub-Saharan Africa where two-way trade by member states exceeds USD 300 billion annually (Schneidman and Wiegert, 2018; Eurostat). Accordingly, the EU is expanding its financial instruments to address a new range of issues, most recently through the establishment of trust funds on migration, security, humanitarian and development issues. This has led some policy analysts to assert that the EU is diluting its commitment to development while others have welcomed a broader policy reach based on achievement of the global goals and promotion of global public goods (Castillejo et al., 2018; Custer et al., 2015; Di Ciommo and Sayós Monràs, 2018).

The EU has a longstanding political-level commitment to policy coherence. This concept was first referenced in the EU's Maastricht Treaty in 1992, further reinforced in the Lisbon Treaty (European Union, 2010), and more recently, in the 2016 Global Strategy. At the same time, policy coherence in the Maastricht Treaty and the Global Strategy refer to the consistency of EU's external activities within diplomacy, security, economic and development policies - not necessarily policy coherence for development by aligning all policies to the interest of developing countries. On the other hand, the Lisbon Treaty, the

2005 European Consensus on Development, and the 2017 Consensus promote the coherence of EU's policies to development by taking into account the objectives of development co-operation in all policies that are likely to affect developing countries. The EU, as well as its member states, have also committed to implement the OECD Ministerial Declaration on Policy Coherence for Development as well as the Recommendation of the Council on Good Institutional Practices in Promoting Policy Coherence for Development (OECD, 2010, 2008).

The Commission has monitored progress in the EU and its member states in biennial EU Reports on Policy Coherence for Development since 2007. The most recent report (European Commission, 2015) covers both cross-cutting and thematic issues, presenting examples of progress across different policy areas, such as reduction of agricultural subsidies and improved access for developing countries to EU markets (Box 1.1). The OECD's report on agricultural policy, however, indicates that, despite progress, about 27% of the Producer Support Estimate in the EU is still provided in a highly trade distorting manner, which affect import and export prices and market access for all countries, including developing countries, on commodities such as rice, poultry and sugar among others (OECD, 2018a). Thus in response to the demands by the Council and the European Parliament for an independent *ex-post* assessment of how the Commission implements its legal and political commitments, an independent and comprehensive evaluation on policy coherence for development was launched in February 2016. The final report is expected to be published in the second half of 2018.

Given the EU's ongoing challenges in translating political commitments governing policy coherence for development into outcomes (Carbone and Furness, 2016), incentives for change are likely to require stronger EU-wide systems for identification and analysis of priority issues and consideration of more robust accountability mechanisms.

Box 1.1. Efforts toward policy coherence for development on agriculture and trade

As the world's largest agri-food importer and exporter (i.e. member states collectively), the EU has been subject to criticism regarding the development impacts of its trade and agricultural policies, notably around the market-distorting instruments of its Common Agricultural Policy (Blanco, 2018). Over recent years, the EU has therefore introduced the following reforms to address negative spillovers.

- Agreeing to remove all agricultural export subsidies at the 2015 World Trade Organization conference, it reformed the Common Agricultural Policy to reduce market-distorting effects by removing production constraints and ending export subsidies.[8]
- It adopted a new Generalized Scheme of Preferences (GSP) in 2012 to reduce duties on 66% of all EU tariff lines for imports from low income and lower-middle income countries, with zero tariffs on these imports from countries that implement core human rights, labour rights and other sustainable development conventions.
- It reformed the Everything but Arms[9] initiative to support more imports from LDCs by reducing competitive pressures. During 2016, EU member states imported EUR 24 billion from the 49 countries benefiting from the initiative, making the EU members the world's most open market for LDCs.[10]
- It signed nine economic partnership agreements with 50 African, Caribbean and Pacific (ACP) countries.[11]
- The EU provided support to member states' farmers estimated at USD 96 million (EUR 86 million) in 2015-17 (OECD, 2018a). After successive reforms of the Common Agricultural Policy since the late 1990's, the trade and production distortions of support to agriculture have been reduced.

Defined priorities for engagement

Over the past decade, the EU has focussed its efforts toward policy coherence for development in five key areas where it faces particular challenges:

- trade and finance
- addressing climate change
- ensuring global food security
- making migration work for development, and
- strengthening the links and synergies between security and development.

While these priorities are in line with the 2030 Agenda, the EU has yet to undertake gap analysis to examine whether additional elements related to the Sustainable Development Goals should be considered. Internally, the European Commission has worked to address its Lisbon Treaty obligations on policy coherence for development, including by taking account of the 2030 Agenda. At the beginning of its mandate in 2014, the Juncker Commission re-organised the Commission's policy coherence work around projects managed by Vice-Presidents in an attempt to break down the traditional silos between sectoral policy fields within the Commission. As part of this initiative, policy coherence for development has been included as a regular agenda item in the inter-service steering group for the implementation of the 2030 Agenda, with policy coherence for development as a standing item for discussion - a particularly positive development in mainstreaming focus towards impact on developing countries across institutions. In addition, the Commission is promoting a whole-of-society approach through the establishment of a multi-stakeholder platform to exchange experience and best practice for implementation of the internal and external dimensions of the 2030 Agenda, with the OECD as an observer.

Furthermore, through the implementation of the 2015 Better Regulation Package, the EU is working to strengthen its approach to impact by introducing a dedicated system - regulatory impact assessments - to ensure that economic, social and environmental impacts are considered in all of the Commission's analytical work. This mechanism has recently been strengthened, including a dedicated tool to assess possible impacts on developing countries, which is open to public scrutiny. These developments indicate considerable progress for policy coherence for development efforts.

However, the scope and criteria of the EU's assessments across different policy areas requires clarification. Based on 2016 data, among all the policy proposals accompanied by an impact assessment which were likely to have a significant impact on developing countries, only 24% could be said to have looked sufficiently at such impacts. Furthermore, the EU's Regulatory Scrutiny Board, an independent body that checks the quality of draft impact assessments, has reviewed only 10% of the drafts that concern developing countries (CONCORDE Europe, 2017). Updated data on the EU's efforts for policy coherence for development and implementation of impact assessments is expected to be released in the EU's forthcoming independent evaluation on policy coherence.

To meet EU-level commitments, member states are required to report on efforts toward policy coherence for development to the Commission. However, the extent to which EU member countries prioritise policy coherence for development in their domestic policy making appears uneven (OECD, 2015). For example, some EU members, among them Finland and the Netherlands, have put in place a policy framework and mechanisms to implement their EU-level obligations (OECD, 2016). Other EU members have yet to put in place any plan or mechanism to assess and remedy incoherence (OECD, 2018b). Therefore, ensuring more systematic follow-up on these issues across member states is likely to require further high-level engagement from the Council, Parliament, the Commission and the European External Action Service (EEAS).

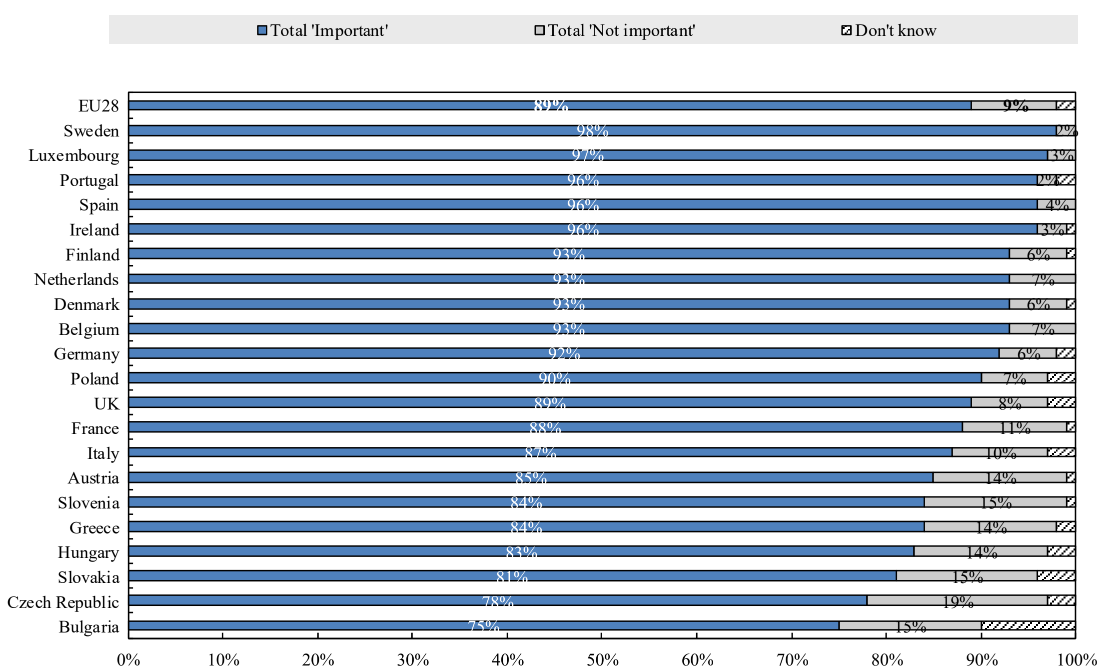
Global awareness

> **Peer review indicator: The member promotes whole-of-society contributions to sustainable development**
>
> *The European Union has a comprehensive approach to building global citizenship, working closely with member states, civil society organisations and local authorities to raise citizen awareness and to promote whole-of society contributions to global public goods and sustainable development.*

New efforts to raise awareness of global issues across the European Union member states

The EU places a high priority on developing and maintaining global awareness to support sustainable development. As Figure 1.1 shows, a recent public opinion survey found support for development co-operation across the EU is strong at 89% (European Commision, 2017c), with the highest level of support found in Sweden (98%) and the lowest levels in Bulgaria (75%). The 2017 survey results indicate greater public support in this area than in 2009, when around 80% of Europeans surveyed considered development aid important. In a related question, the same 2017 survey finds the level of public awareness of the Sustainable Development Goals ranges from a high of 73% in Finland to a low of 24% in the United Kingdom (Figure 1.2).

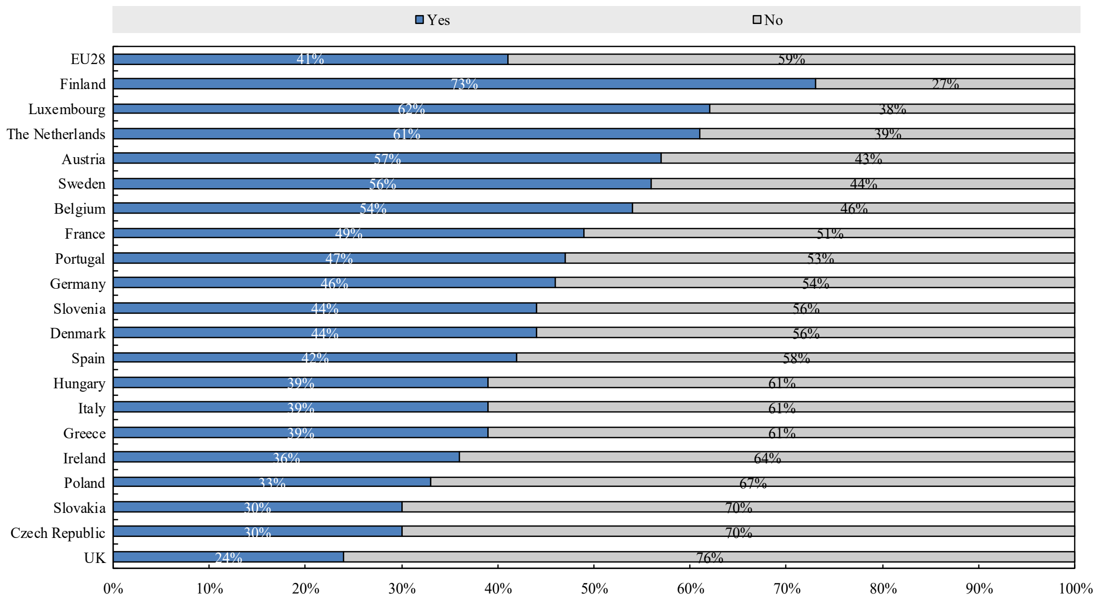
Figure 1.1. Public opinion on the importance of development aid in selected EU countries



Note: Results of responses to the survey question: "In your opinion, is it very important, fairly important, not very important or not at all important to help people in developing countries?"

Source: European Commission (2017c), Eurobarometer 2017, https://ec.europa.eu/europeaid/special-eurobarometer-report-eu-citizens-views-development-cooperation-and-aid_en.

Figure 1.2. Public awareness of the SDGs in EU DAC countries, 2017



Note: Results of responses to the survey question: "Have you ever heard or read about the Sustainable Development Goals?"
Source: European Commission (2017c), Eurobarometer 2017, https://ec.europa.eu/europeaid/special-eurobarometer-report-eu-citizens-views-development-cooperation-and-aid_en.

In 2012, the DAC recommended that the EU strengthens its communication around development co-operation to deepen public awareness of aid programme achievements. In response, the EU has expanded its use of tools to build citizen awareness - including through the internet and social media - not just around development assistance but also on global sustainable development issues more holistically. This approach has also been applied to key EU-level communication events such as the high-profile European Development Days[12] and, in partnership with the United Nations Development Program (UNDP), the Kapuscinski Development Lectures[13] for students from EU member states.

In 2018, the EU also launched the DEVCO Academy, its first online learning platform. The academy encompasses online courses, learning videos, webinars, and manuals developed by EU institutions and international organisations to enhance public and professional development education and to promote standardised development co-operation approaches and measures. In addition, the EU's development education and awareness raising programme (DEAR) has provided new funding to civil society organisations and local authorities in member states to strengthen citizens' understanding of global sustainable development issues such as poverty eradication, human rights, democracy, gender equality and social responsibility. This includes signing of framework partnership agreements with a range of global and regional CSO networks and Association of Local Authorities.

For example, the European Network of Local Authorities working in development (PLATFORMA) receives a grant of EUR 5.6 million to, *inter alia*, promote awareness raising and development education of European citizens regarding global development issues; the European Confederation of Relief and Development NGOs (CONCORD) receives a yearly operational grant of EUR 900 000 to raise citizens' awareness of development and/or SDGs; and the European Network of Political Foundations (ENoP) is due to receive a grant of EUR 2.2 million over the next four and a half years. An initial impact assessment of the DEAR programme is underway, to be published by end 2018.

These efforts to increase development awareness and citizen engagement across the EU in support of global development represent significant progress. However, the EU lacks a clear narrative on many of the countries where it works which would communicate its efforts and objectives more clearly to all stakeholders, including EU domestic audiences, evidenced in Mali and the Plurinational State of Bolivia (hereafter, Bolivia). In this respect, EU's efforts regarding joint programming may help in providing more comprehensive and transparent information on the EU's work with partner countries (Chapter 5).

Notes

[1] The Treaty of Lisbon (referred to in this review as the Lisbon Treaty), entered into force on 1 December 2009, is an international agreement that amends the two Treaties that form the constitutional basis of the European Union, the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU).

[2] The EU has a long history in support for dialogue with developing countries on climate change. In 2008, it established the Global Climate Change Alliance (GCCA+), which now represents the main channel for EU support flor policy dialogue and climate action in Least Developed Countries and Small Islands Developing States.

[3] According to Article 4(4) TFEU, development co-operation is a shared competence for the EU and its member states. It means that the Union shall have competence to carry out activities and conduct a common development policy. Nevertheless, the EU's exercise of that competence shall not prevent member states from exercising theirs. This means that while the EU actors are engaged in development co-operation and implementing the EU development policy, the 28 member governments also run their own development policy and programmes, subject to certain limits of local co-operation as prescribed by EU law and in the spirit of achieving maximum impact and complementarity (as reflected in The New European Consensus on Development).

[4] This initiative aims to support developing countries in three critical areas: i) improved domestic revenue mobilisation, ii) more effective and efficient public financial management and iii) debt management. It first defines the challenges faced by developing countries, indicates an overall approach to address them, and suggests ways to assist developing countries in tackling these challenges.

[5] EU has adopted, *inter alia*, an EU Forest Strategy, the EU Action Plan on Forest Law Enforcement, Governance and Trade, and the EU Action Plan to Combat Wildlife Trafficking.

[6] The EU is a leading financial contributor to research related to global public goods. To give an example, at the One Planet Summit in December 2017, the Commission announced funding of EUR 270 million over 2018-2020 to boost climate change related innovations through research in agriculture, partnering with European research institutes and developing country farmers associations. The Bill and Melinda Gates Foundation have agreed to match this funding with a USD 300 million pledge over the same period. Other EU members - including France, Italy and Spain - have also announced contributions.

[7] Kharas and Rogerson (2012) identify the EU as one of the donors least able to respond to the global public goods agenda, given its concentration on more traditional social sectors in its aid programme and cumbersome administrative processes. See https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7723.pdf.

[8] However, voluntary coupled support (VCS), which allows member states to finance certain sectors that are experiencing difficulty, remains a matter of concern. All member states except Germany have opted to apply VCS in some sectors (e.g. animal products and sugar), generating market distortions in both the internal and international marketplace, reaching up to 15% of direct payments in some countries.

[9] Under the EU's Everything but Arms initiative, all imports to the EU from LDCs, with the exception of armaments, are duty free and quota free. The initiative entered into force on 5 March 2001.

[10] For further information, see the report on the GSP covering the period 2016-2017, http://trade.ec.europa.eu/doclib/docs/2018/january/tradoc_156536.pdf.

[11] In line with the 2001 ACP-EC Partnership Agreement (Cotonou Agreement), economic partnership agreements offer provisions to help developing countries trade with EU member states, including: long transition periods or exclusions from market opening while EU markets are opened up; special safeguards for the development of infant industry and on food security; and voluntary EU restraint on World Trade Organization safeguards and the use of dispute settlement.

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Chapter 2. The European Union's policy vision and framework

Framework

Peer review indicator: Clear policy vision aligned with the 2030 Agenda based on member's strengths

A new Consensus, firmly anchored in the 2030 Agenda, unites all European Union actors and member states behind a common vision for development co-operation. This landmark achievement takes place in a complex legal and institutional system where development co-operation remains a shared competence between European Union institutions and member states. Delivering on this ambitious agenda will require strong leadership from the European Union, along with scaled-up efforts by member states to align their own programmes behind common objectives and targets.

A new vision owned by member states and anchored in the 2030 Agenda

The new European Consensus on Development (the Consensus), adopted in June 2017, provides a common vision for the European Union (EU) and all member states. As the cornerstone of the EU's development policy, the Consensus builds on the 2007 Lisbon Treaty, reiterating the same central poverty reduction objective while also affirming the economic, social and environmental dimensions of the 2030 Agenda for Sustainable Development (Council of the European Union, 2017a). In this way, the Consensus broadens the objectives for development co-operation. It places new emphasis on leaving no one behind by tackling inequality and discrimination globally as well as the need for new and innovative means of implementation in support of the Addis Ababa Action Agenda.

This framework for action replaces the 2005 European Consensus on Development, building on the EU's 2012 Agenda for Change (COM, 2011). Together with the EU's 2016 Global Strategy on the EU's Common Foreign and Security Policy - which provides a broad vision for all the EU's external engagement - and the EU's framework for humanitarian assistance, the new Consensus serves as an overarching framework for development co-operation of all EU institutions and member states.

Making full use of this collective vision remains challenging

While this new policy framework clarifies the scope as applying to all 28 member states and EU actors for the first time, it must be interpreted in a complex legal and institutional system where development is defined as a shared competence. In other words, the EU has competence to carry out activities and develop a common policy, but this does not prevent member states from exercising their individual competences in development assistance and/or humanitarian aid.[1] This situation effectively results in the conduct of 29 parallel development policies, with the European Commission mandated to co-ordinate among them (European Union, 2010b).

The co-ordinating role of the EU over its member states presents both opportunities and challenges. On the one hand, it can use the collective weight to advance a number of key global issues in international fora such as financing for development (Chapter 1) and to enhance efficiency of development co-ordination through initiatives such as joint programming (Chapter 5). On the other hand, the EU lacks mechanisms to hold its members to account for their commitments, including to reach ODA targets (Chapter 3). Therefore, putting the EU's common vision into practice relies on EU actors and member states agreeing on arrangements that make it possible to build on the comparative advantage of each member while reinforcing cohesion. In such a context, strengthening the EU's evidence base for policy making and implementation is particularly challenging but also critical for success (Gavas et al., 2013).

Principles and guidance

Peer review indicator: Policy guidance sets out a clear and comprehensive approach, including to poverty and fragility

The new Consensus, which responds to all 17 Sustainable Development Goals, establishes a thematic and geographic focus to achieve the European Union's ambition for global influence and impact. To support its objectives, the European Union is expanding its operational guidance for gender and environment, stepping up its focus on leaving no one behind and improving the way its instruments work together. Going forward, the new Consensus could be strengthened by having associated operational guidance for implementation.

A comprehensive approach in need of operational guidance *for implementation*

The EU's 2017 Consensus, which responds to all 17 Sustainable Development Goals (SDGs), is structured around the five core themes of the 2030 Agenda for Sustainable Development - people, planet, prosperity, peace and partnership. Eradicating poverty, tackling discrimination and inequality, and leaving no one behind are at the heart of this comprehensive approach. Collectively, in addition to the 0.7% target (Chapters 1 and 3) the EU and its member states are committed to meet the target of 0.15% of ODA/GNI to least developed countries (LDCs) in the short term and to reach 0.20% of ODA/GNI within the time frame of the 2030 Agenda. The European Commission has also set a target of allocating at least 20% of EU ODA to social inclusion and human development for the MFF 2014-20, although to date this target is yet to be met (Chapter 3).

The Consensus commits all EU institutions and member states to take action in three key areas:

- Recognition of strong interlinkages between development and peace and security, humanitarian aid, migration, environment and climate, as well as cross-cutting elements.
- Promoting a comprehensive approach to implementation that combines traditional development aid with other resources and a strengthened approach to policy coherence for development.

- Creating better-tailored partnerships with a broader range of stakeholders.

To support implementation, the Commission is implementing the following principles, which had already been adopted in the Agenda for Change:

- **Differentiation**: taking into account the increased differentiation between developing countries, the EU targets its resources where they are needed most to reduce poverty and where they can have the greatest impact. At the same time, for countries already on sustained growth paths and/or able to generate more domestic resources, the EU pursues different forms of partnerships based on blending, technical co-operation or support for trilateral co-operation
- **Concentration**: to increase the impact and leverage of its assistance, the EU aims to engage in no more than three sectors per partner county
- **Co-ordination**: strengthening joint programming to reduce the fragmentation of aid and further increase collective impact and
- **Coherence**: strengthening progress on policy coherence for development.

Despite the European Council's adoption of a range of action plans over recent years, such as the Gender Action Plan discussed below, the EU lacks a comprehensive road map for implementing the Consensus, as well as a plan for operationalising SDGs in its external action. Such planning could usefully clarify how EU actors will work proactively with member states to achieve collective goals - including ensuring a focus on the poorest countries and leaving no one behind - and how they will collectively measure impacts including at country level. To date, the objectives of the draft Multiannual Financial Framework 2021-27 and the 2018 directives for the post-Cotonou negotiations[2] offer little insight into how the EU might translate its ambitious development agenda into action (Castillejo et al., 2018; Trimmel, 2017). However, these processes offer the EU important windows of opportunity to consider how to link high-level political pledges to a comprehensive action plan for delivering on its commitments.

A large body of operational guidance, including on cross-cutting issues

Since the 2012 DAC peer review, the EU has introduced a large body of operational guidance that clarifies its thematic and cross-cutting areas. Among the topics covered are human rights and democracy; private investment and trade; gender equality and women's empowerment; migration and forced displacement; environment, climate change, and energy; fragility and resilience; and security and development.

For example, the EU has a strong foundation for its work on gender equality with its revised action plan *Gender equality and women's empowerment: transforming the lives of girls and women through EU external relations 2016-2020* (GAP) that is supported by guidance. Nevertheless, as observed by the review team in Mali and Bolivia and through the findings of a 2017 joint evaluation with member states of the GAP's implementation, the EU needs to make improvements to enhance capacity, incentives and measures of organisational performance across EU actors to track and meet the high level ambition on gender equality and to ensure impact on the ground (Ioannides, 2017). While the EU has made significant progress by integrating gender equality into 48% of its bilateral allocable ODA in 2015-16,[3] more effort is needed to meet its target of 85% by 2020 laid out in the GAP. As it looks to step up its commitment towards gender equality and women's empowerment, the flagship Spotlight Initiative (UN-European Union, n.d.) to end violence against women and girls, launched in 2017, has the potential to make an important contribution.

On environment and climate change, the new Consensus requires deepening and broadening efforts to mainstream them in EU co-operation, including greening the new External Investment Plan. Thus the EU has made significant progress in their mainstreaming, backed by guidance, capacity development, quality control, dedicated staffing and a technical assistance facility at headquarters. DG DEVCO also provides significant support in conducting *ex-ante* environmental impact assessments and strategic environmental assessments.

The EU has also made a number of important commitments, including allocating 20% of its MFF 2014-2020 budget for climate change mitigation and adaptation actions (European Commission, 2016a). In fact, the proportion of ODA for climate mitigation and adaptation increased from 10% in 2011-12 to 22% in 2015-16 (Table C.5 in Annex C). It has also committed to double biodiversity related financial flows to developing countries by 2015 and at least maintain this level until 2020 (UNEP/CBD/COP, 2012). Further consideration is now warranted on whether an explicit strategy, as recommended in the 2012 review, would support implementation more broadly. On other priority areas, written guidance is generally comprehensive, but a key remaining challenge is ensuring high quality implementation at posts where sectoral expertise has declined (Chapter 4 and Annex D).

Fragile contexts: A strong framework in an increasingly complex reality

The Lisbon Treaty sets out the EU's objective to promote and preserve peace, prevent conflicts, and strengthen international security, thereby structuring the way the EU can respond to crises. In 2011, the creation of the European External Action Service (EEAS) strengthened the coherence and comprehensiveness of the EU's response to external conflicts and crises, which was subsequently expanded in the EU's 2016 Global Strategy as an integrated approach to conflict and crises (European External Action Service, 2016). The strategy recognises crisis as the result of a complex mix of factors such as violence, inequalities, poor governance and political instability. Such an approach enables the EU actors and member states to set common objectives and to deploy the instruments at their disposal accordingly.

This approach was evident in this review's field mission to Mali, where EU interventions were coherent with a wider regional policy for the Sahel (European External Action Service, 2011) which defined security and development as complementary objectives. Furthermore, the Sahel Regional Action Plan has broadened the geographical scope of the EU's strategy in Mali while also reinforcing a security and migration focus (Council of the European Union, 2015). As a result, the EU is putting into play most of its relevant instruments to address the security-migration-development nexus in the Sahel region (Annex D). At the same time, there is room for additional complementarity between the EU's national and regional approaches in the Sahel region to increase the overall impact on security and development. In translating this comprehensive approach on fragility into action, two main challenges emerge.

First, while the EU claims to be active at all stages of the conflict cycle, the complexity of funding sources and programming cycles for the EU's external action and security instruments acts as a constraint on the coherent implementation of the strategy. In Mali, for example, the EU works through the regional and national indicative programmes under the European Development Fund (EDF), member states' programmes, the Emergency Trust Fund for Africa[4] and the Common Security and Defence Policy missions,[5] the Instrument contributing to Stability and Peace, humanitarian aid and the EU Special Representative.

This makes overall EU involvement difficult to grasp for all stakeholders, including partner country governments. From this perspective, the streamlining of the external action instruments proposed by the European Council for the next Multiannual Financial Framework for the 2021-27 period provides a good opportunity to increase coherence across the EU's work in fragile contexts, promote better quality dialogue with partner country governments and improve the visibility of the EU's assistance.

A second challenge emerges around how to reconcile short-term crisis response with transition and long-term development response. On the one hand, cross-policy responses to global risks are promoted in the EU Global Strategy, which recognises that peace is connected to prosperity and inclusion (European External Action Service, 2016). On the other hand, linking development co-operation with migration increases the risk of allocating development funds according to migration patterns, thus diluting focus on development objectives.

For example, in the Sahel situation, the EU's regional action plan 2015-2020 is a clear response to the deteriorating security. But it was elaborated in a highly-charged political context as migration flows to Europe from Africa reached unprecedented levels.[6] As a result, the EU was compelled to design a response plan to address the key drivers of migration in a context of shared competence with its member states (Council of the European Union, 2015). In this case, it is clear that the additional financing secured and instruments developed - most notably the EU Emergency Trust Fund for Africa - have facilitated co-ordination efforts among EU actors and external stakeholders.

However, this new paradigm has also raised concerns from civil society organisations and think tanks that the EU's focus on security and migration is undermining its focus on partner countries' long-term development needs, particularly by increasingly designing development co-operation programmes with their impact on security in mind[7] (Trimmel, 2017; Castillejo et al., 2018). The risk of subordinating development objectives to broader security and migration concerns, then, remains a key challenge for the EU, as it does for other DAC members. In the EU's case, this challenge might be exacerbated by the proposed streamlining of instruments in the upcoming MFF if appropriate safeguards are not included.

In such complex contexts where even defining objectives is difficult, it is extremely hard to measure results. In this respect, the EU Conflict Early Warning System, introduced in 2014 to analyse a series of risk factors that can lead to conflict, is a key element in the design of the EU's integrated approach (European Commission, 2016b). The EU is thus improving the link between early warning and early action in order to respond to early warnings in a timely, relevant and coherent way to prevent the emergence or escalation of violence (Council of the European Union, 2017b). In addition, the proposed Multiannual Financial Framework 2021-27 presents an opportunity to bring the EU's comprehensive approach to the next level by articulating at the design phase how different instruments will work together to meet common objectives and how results will be measured. Chapter 3 discusses EU financing in greater detail.

Basis for decision making

Peer review indicator: Policy provides sufficient guidance for decisions on channels and engagements

The European Union is expanding its global influence, including by increasing its geographic reach, in line with the ambitions of the new Consensus and through proposals for the Multiannual Financial Framework 2021-27. However, it lacks a clear implementation plan to shift resources towards priorities and to identify strategic partners.

The European Union is increasing its global reach and expanding its influence

Based on the new Consensus, which sets the direction for EU development policy, the EU uses a methodology[8] for country allocation based on five indicators. They are: population; GNI per capita; the Human Asset Index; the Economic Vulnerability Index; and Worldwide Governance Indicators, with a qualitative adjustment "reflecting criteria that cannot be fully captured through quantitative measures" (European Commission, 2018a). However, this methodology applies only to the country programming of the Commission which excludes humanitarian aid and programming of the European Investment Bank. In practice, and given the EU's increasing global footprint, decision making on resource allocation is determined by a complex array of financial instruments,[9] most of which are focussed geographically rather than thematically. The instruments also provide a framework for programming that ensures the predictability of spending on EU external action.

Negotiations over the Multiannual Financial Framework 2021-27 are paving the way for a new architecture for development co-operation (European Commission, 2018). This includes a larger global role for the EU, a stronger sense of European value added, a sharper focus on global public goods, and increased flexibility to move funding between programmes and to create reserves to tackle unforeseen events and crises (Gavas, 2018).

Regarding the development co-operation of EU member states, the co-ordinating influence of the EU over their decisions is limited. For example, even though the Consensus prioritises providing aid to the poorest and most in need and reiterates the ODA/GNI target of 0.15% - 0.2% for LDCs, this has yet to be met. Therefore, the extent to which the EU's co-ordinating role drives decision-making in member states warrants further review. Furthermore, the EU lags well behind the EU member states on the proportion of allocable bilateral ODA going to least developed countries, making its co-ordinating role particularly challenging when it is unable to lead by example (Chapter 3). Overall, the EU currently lacks a clear implementation plan for the 2030 Agenda, linking the Consensus with its instruments and detailing how EU and member states collectively plan to allocate resources in line with priorities across all 29 parallel programmes.

The EU lacks a comprehensive strategy for partnership identification

The 2017 Consensus commits the EU to forge multiple partnerships in bringing collaborative solutions to local, regional and global challenges. For example, as highlighted in Chapter 1, the EU is increasingly using its convening power in multilateral fora to successfully extend its global influence. It is also a significant provider of bilateral aid through multilateral channels (Chapter 3). Furthermore, there is increasing collaboration with International Financial Institutions - particularly the International Monetary Fund and the World Bank Group - where concrete steps have been taken to map relations, define partnership modalities, identify focal points in various Director Generals, create co-ordination groups, develop guiding principles, and establish annual high level strategic dialogues.

However, when it comes to defining its approach to multilateral co-operation, particularly with organisations that the Commission funds (Chapter 3), the EU lacks a general strategy. This is partly explained by the EU's decentralisation of authority to delegations on multilateral partnerships. Nevertheless, a clearer and more transparent approach to partnering with multilateral agencies could help inform choices and ensure that funding is based on evidence of how specific partnerships might add value (Chapter 5).

Since the last DAC peer review, the EU has expanded its bilateral partnerships to 140 countries from around 130 - a global coverage that is significantly broader than the development co-operation programmes of individual member states. In determining its bilateral partnerships, the DAC's 2012 review noted the EU's approach was one of expansion, identifying the comparative advantage of its development programme as its scale and reach (OECD, 2012). At the same time, despite efforts to establish developing country selection criteria that apply to part of the EU's development co-operation (outlined in the previous section), high level statements on country partnership selection can appear contradictory. For example, while the Global Strategy states that prosperity must be shared and requires fulfilling the Sustainable Development Goals worldwide, including in Europe, it refers to aligning the EU's development policy and choice of partners more closely with EU interests, making no mention of least developed countries. Meanwhile, the 2017 Consensus stipulates that development will be targeted at countries where it is most needed.

As noted in the previous section, differentiation is a guiding principle for the EU's development co-operation, signalling a dual approach whereby the EU aims to target its resources to countries where they are most needed while also pursuing different investment or knowledge-based partnerships with middle income countries that are already on sustained growth paths. However, despite this in-principle focus on countries that are most in need, the proportion of EU disbursements to upper-middle income countries is high, representing 43% of its allocable bilateral ODA in 2015-16, compared to 27% to least developed countries (Chapter 3).

As the EU looks to expand its assistance to least developed countries, it could further build on its focus on knowledge exchange and private resource mobilisation in middle income countries as they are less resource intensive. This would in turn offer good opportunities to shift its financial support to countries most in need. For instance, partnering approaches with middle income countries and large emerging economies in Latin America and Asia by many DAC members are evolving to meet increased demand for more and better technical and policy advisory support (Davies and Pickering, 2015). Therefore, current plans by the EU to scale up triangular co-operation programmes, facilities and management tools, could be an effective way to reallocate financial support from middle income countries to the poorer countries (European Commission, 2018). Experience from other DAC members may offer important lessons to develop this partnership modality further.

The EU's engagement and partnerships in Brussels with civil society and Associations of Local Authorities are strategic and comprehensive. They are particularly facilitated through the European Commission's Policy Forum on Development (PFD) for more structured dialogue. The EU is also mainstreaming its framework partnership agreements for medium-term engagement with them. At country level, EU delegations are also implementing country roadmaps to help diagnose and define a tailored approach to CSO engagement in each country. However, as demonstrated in Mali and Bolivia, the EU could do more to engage civil society as strategic partners; this is an area that could be enhanced if the EU is to extend its whole-of-society approach to its partner countries with a view to improve its implementation through local solutions (Chapter 5 and Annex D).

Furthermore, in line with its global commitment to financing for development, the EU is scaling up its partnerships with the private sector based on twelve key areas of action and defined criteria for engagement (European Commission, 2014), although they do not extend to the European Investment Bank. Moreover, the EU's External Investment Plan (EIP), presented in 2016, offers an ambitious approach to strengthening the investment climate and regulatory environment in EU partner countries, which is to be complemented by a new guarantee fund to reduce investment risks for, *inter alia*, low-emission and resource-efficient business projects (Chapter 3). As this approach to private sector partnerships rolls out, the EU would benefit from ensuring that these efforts add value rather than duplicate the work of EU member states, when it channels their contributions to their own national development financial institutions as intermediaries to reach the private sector.

Notes

[1] The Lisbon Treaty maintains that development co-operation is to be conducted within the framework of the principles and objectives of the EU's external action. Its primary objective is the reduction of poverty, and in the long- term, eradication of poverty. However, the EU's legal framework defines development co-operation as a shared competence - the EU and of member states "shall complement and reinforce each other". See the Treaty of Lisbon at http://publications.europa.eu/resource/cellar/688a7a98-3110-4ffe-a6b3-8972d8445325.0007.01/DOC_19 and Article 208, TFEU, 2010.

[2] Since 2000, the Cotonou Partnership Agreement has been the framework for the EU's relations with 78 African, Caribbean and Pacific (ACP) countries. The agreement focusses on eradication of poverty, sustainable development and the gradual integration of ACP countries in the world economy. It seeks to increase peace and security and to strengthen the domestic political environment. Renewal of the 2000-20 Cotonou Agreement is under way, with the integration of the budget of the European Development Fund to be expected in the EU's general budget. This would also allow the European Parliament to scrutinise the European Development Fund budget.

[3] This is based on the DAC gender equality policy marker, taking into account only bilateral allocable ODA to measure donor's intentionality, which includes sector budget support, core support to NGOs, other private bodies, PPPs and research institutes, contributions to specific-purpose programmes and funds managed by international organisations, basket funds/pooled funding, project-type interventions, donor country personnel, other technical assistance, and scholarships/training in donor country. At the same time, the Commission reported that it integrated gender equality into 57% of its ODA as principal or significant objective in 2016 and 66% in 2017. However, this does not include ODA by the EIB.

[4] The European Union Emergency Trust Fund for stability to address root causes of irregular migration and displaced persons in Africa is created under the European Development Fund. Its objective is to promote resilience, economic and equal opportunities, security and development as well as to address human rights' abuses. See https://ec.europa.eu/europeaid/emergency-trust-fund-stability-and-addressing-root-causes-irregular-migration-and-displaced-persons_en. (EU, 2015).

[5] These missions are EUTM Mali, EUCAP Sahel Niger and EUCAP Sahel Mali.

[6] This can be seen in the sharp rise in asylum applications from non-EU citizens in the 28 EU member states from 2006-16. http://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Asylum_applications_(non-EU)_in_the_EU-28_Member_States,_2006%E2%80%932016_(thousands)_YB17-fr.png.

[7] The Sahel Regional Action Plan has set four priorities, three of which relate to security and migration. The priorities are: fighting and preventing violent extremism and radicalisation; creating appropriate conditions for youth; migration; mobility and border management; the fight against illicit trafficking and transnational organised crime. See http://www.consilium.europa.eu/media/21522/st07823-en15.pdf.

[8] For more detailed information on EU allocation criteria, see https://ec.europa.eu/europeaid/sites/devco/files/allocation-methodology_en_3.pdf.

[9] As discussed in chapter 3, a multiannual financial framework sets out maximum amounts that the EU budget can allocate to different priorities or headings (Article 312, TFEU). The EU's external assistance, including its ODA, is contained in Heading 4 (Global Europe) of the EU budget and in the European Development Fund (EDF), which is not part of the EU budget. The current 2014-20 Multiannual Financial Framework allocates an envelope of EUR 58.778 billion to Heading 4. The 11th EDF covers the same time period with a current budget of EUR 30.5 billion and is composed of direct member state contributions. It is the legal basis of the Cotonou Agreement with the African, Caribbean and Pacific group of states. The EDF is also due to expire in 2020 and is under negotiation, with a proposal to bring it into the EU budget under the development heading.

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Chapter 3. The European Union's financing for development

Overall ODA volume

Peer review indicator: The member makes every effort to meet domestic and international ODA targets

The European Union seeks to play a co-ordinating *role in encouraging member states to increase aid volume in support of the European Union's collective development financing efforts, although many of its members still have a long way to go. For European Union actors, official development assistance has increased since 2010, mostly due to counting of European Investment Bank loans. In establishing the aid component of the new Multiannual Financial Framework 2021-27, the European Union is considering consolidating the different instruments.*

The European Union is encouraging member states to meet ODA targets by 2030 and is developing a new Multiannual Financial Framework for 2021-27

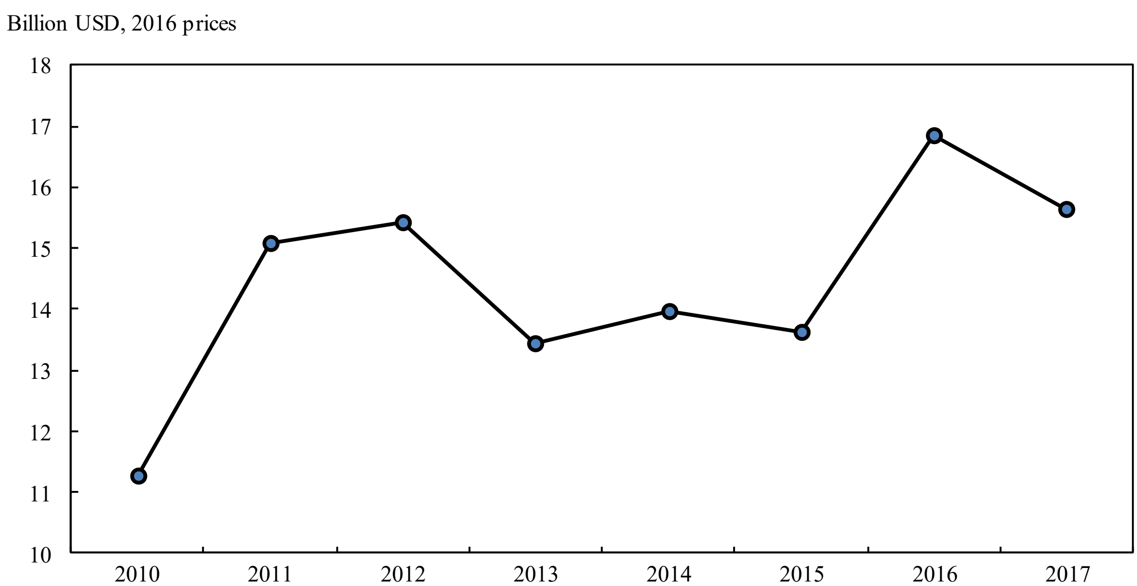
Collectively, the European Union (EU) actors and its member states is the largest provider of official development assistance (ODA), with combined net disbursements of nearly USD 84.3 billion in 2016.[1] As stated in the first European Consensus on Development in 2005 (European Commission, 2006), the EU was to carry out a co-ordinating role in encouraging member states to attain the targets of 0.7% ODA/GNI and of 0.15%-0.2% to least developed countries (LDCs) by 2015. However, these targets were not met, despite the Commission's guidance set out in the Council conclusions in 2005 to all EU member states on roadmaps to achieve them, as member states alone can decide on their ODA allocations. Therefore, the commitments were reaffirmed in the new European Consensus on Development (the Consensus) in 2017, to be attained by 2030 (Council of the European Union, 2017).

In 2017, only Denmark, Luxembourg, Sweden and the United Kingdom achieved the 0.7% ODA/GNI target (OECD, 2018).[2] ODA from the 20 EU countries who are also OECD DAC members represented 0.49% of their combined GNI or 0.40% in country average; these ratios nevertheless were higher than the 0.38% average of ODA/GNI for non-EU countries (OECD, 2018). On aid to LDCs, in 2016,[3] only Denmark, Luxemburg, Norway, Sweden, and the United Kingdom met the 0.2% target and the Netherlands met the 0.15% target.

Net ODA of EU DAC members steadily increased in real terms from 2012 to 2016, but fell by 1.2% in 2017.[4] This was due mostly to the decline of in-donor refugee costs. The EU discusses ODA performance with member states and the European Council every year in May after the release of preliminary DAC data.

Net ODA from EU actors in 2017 amounted to USD 16 billion (gross ODA was USD 18.5 billion).[5] While the EU's 2017 volume was greater than the 2015 volume, it was 6.7% lower in real terms than the 2016 volume, which was due mostly to a lower level of loan disbursements from the European Investment Bank (EIB). However, aid from the EU had spiked by 14.3% from 2015 to 2016 in a reflection of increased aid going to economic infrastructure and increased humanitarian aid, particularly to Morocco, Turkey and Ukraine. Thus, the 2017 ODA is still the highest level except for 2016. Going back further, ODA of EU jumped by 29% in 2011 over 2010, when the DAC agreed to count EIB concessional loans as ODA (Figure 3.1).

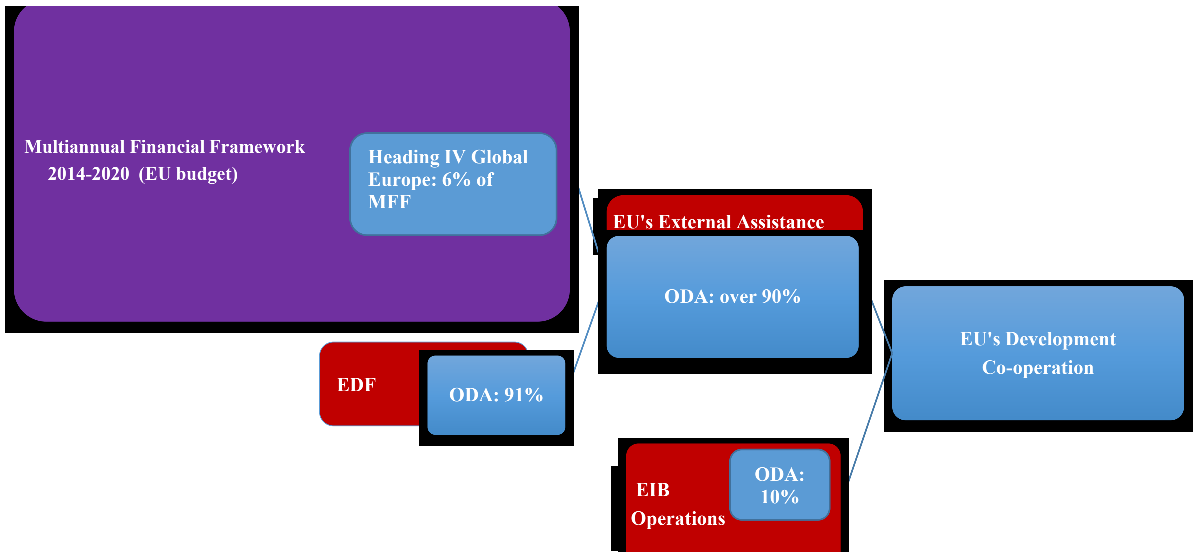
Figure 3.1. Trend of EU net ODA, 2010-17



Source: OECD Creditor Reporting System database.

In terms of budget, ODA that EU reports to the DAC comprises part of the EU External Assistance and a part of EIB operations. External Assistance includes the European Development Fund and various geographical and thematic instruments of Heading 4 (Global Europe) of the Multiannual Financial Framework (MFF) 2014-20 - a seven-year framework that provides funding for development co-operation and all other EU operations. As shown in Figure 3.2, Heading 4 represents approximately 6% of the MFF envelope, of which more than 90% is directed to ODA-recipient countries (European Commission, 2018a).

Figure 3.2. Funding structure of EU development co-operation



Source: DAC Secretariat.

The EDF is the main instrument for the EU's development co-operation in African, Caribbean and Pacific (ACP) countries. It has been separate from the MFF because its funding comes from contributions by member states based on a different internal agreement. As all ACP countries are developing countries, most EDF funding is ODA-eligible - for 2014-17, 91% of the EDF expenditure was reported as ODA.

The EIB's annual funding programme for 2018 for all countries from its own resources is roughly EUR 60 billion. Approximately 10% of this amount is directed to ODA countries (EIB, 2017). This can still be a significant amount in terms of ODA. For example, in 2015-16, EIB disbursements comprised 27% of total ODA provided by all EU actors.[6] The Bank's lending activities are mainly funded via the issuance of bonds in the international capital markets that are purchased by both institutional and retail investors. In other words, EIB does not generally receive capital injections, although EU member states sometimes provide specific contributions to EIB from the European Development Fund[7] as well as soften the loan terms through subsidies to EIB funds. Furthermore, most of the EIB loans are guaranteed by the Commission.

The draft Multiannual Financial Framework for 2021-27, currently under negotiation (European Commission, 2018c), would increase the Commission's development co-operation budget by 30%, despite the impending withdrawal of the United Kingdom from the EU (Chapter 1). It further proposes to consolidate the different instruments and budgetise the EDF into the next MFF. Consideration is also being given to establish a subsidiary bank of the EIB that will exclusively serve developing countries,[8] which could be a positive step in expanding the Bank's ongoing work on development impact and in refining its focus on poverty reduction.

Reporting of the member states' ODA contribution to the EU is complex; and EU actors have improved their own reporting

EU member states' reporting to the DAC on their contributions toward the EU involves a complex series of steps. Member states pay into the general budget of the European Union through the MFF envelope. The EU then annually calculates the ODA expenditure, attributes an amount to each member state according to its share of contributions through the MFF and notifies each of its respective ODA amount (European Commission, 2018a). Member states subsequently report these amounts to the DAC as their contributions to the ODA part of the MFF. This means that the more the Commission can disburse MFF funds as ODA, the higher the amounts that member states can report as ODA (as part of multilateral aid) which will also count towards their ODA/GNI ratio. Contributions to the European Development Fund are voluntary, so member states report their individual contributions separately to the DAC. There is minimal reporting to the DAC by member states regarding the EIB because they generally do not contribute to the Bank's capital.

Compared to the process of ODA reporting by member states, reporting of the Commission and the EIB on their ODA is straightforward and has improved greatly in recent years. Descriptions of many projects provide basic information on the objectives and general activities carried out. Nonetheless, some descriptions indicate the overall area of intervention without providing details of the exact content of the support. EU actors could therefore further enhance the quality of ODA reporting by standardising the elements to include in the project descriptions to increase transparency and accountability.

Bilateral ODA allocations

Peer review indicator: Aid is allocated according to the statement of intent and international commitments

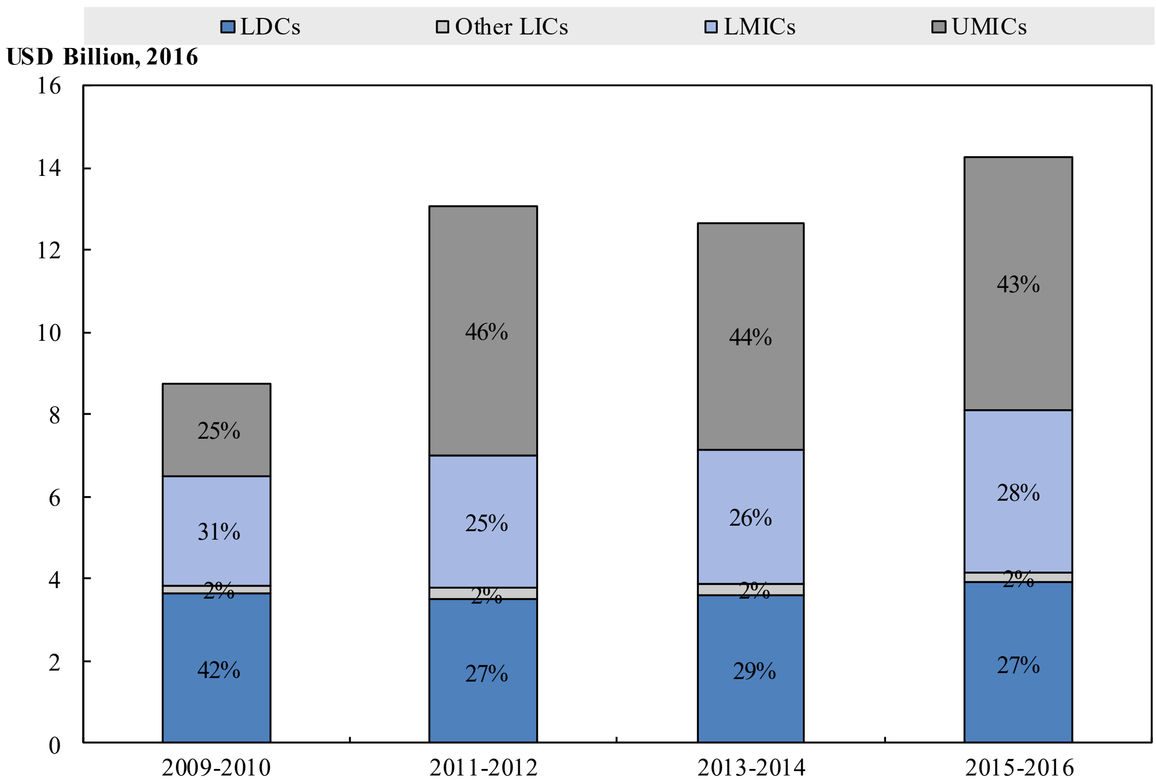
A relatively high proportion of ODA from the European Union is allocated to upper-middle income countries in Europe and particularly to Turkey, rather than to least developed countries. The commitment by the European Union to allocate ODA to human development has yet to be met. Additional efforts to concentrate on fewer sectors could also be explored.

The EU needs to set an example to member states by allocating more ODA to least developed countries

In 2015-16, the EU disbursed an average of approximately USD 17.1 billion in ODA per year, of which 99%, was disbursed as bilateral aid. This amount includes bilateral ODA channelled to multilateral organisations but excludes core funding to them.

Of the EU's allocable bilateral ODA disbursements during this period, 43% went to upper-middle income countries (UMICs), 28% to lower-middle income countries (LMICs) and 29% to low income countries (LICs) or 27% to LDCs[9] in 2015-16 (Figure 3.3). This proportion allocated to LDCs is particularly low compared to the country average of 20 EU-DAC members at 37% and that of other DAC members at 40%. In the same period. The income group breakdown has been fairly stable since 2012, the year following the DAC agreement to count the EIB's concessional loans as ODA. These loans mainly target UMICs, including Serbia, Turkey and Tunisia. As a result, the proportion of EU allocable aid to UMICs shifted significantly, going from the smallest portion of aid among the income groups, or 25% in 2009-10, to the biggest at 43% in 2015-16.

Figure 3.3. The EU's gross bilateral ODA disbursement by income group, two-year average



Source: OECD Creditor Reporting System database.

Disaggregated by type of flow, 29% of allocable grants was disbursed to UMICs, 30% to LMICs, and 38% to LDCs. In the same period, 73% of allocable loan disbursements were directed to UMICs, 23% to LMICs, and 4% to LDCs - all by EIB. EIB loans to the top UMIC recipients were on concessional ODA terms, although these countries were generally receiving non-concessional loans from other multilateral development banks. It is worth noting that EIB operations financed from its own resources require the opinion of the Commission before being presented to the EIB Board of Directors for approval. Therefore, there is scope for the Commission to encourage more financing towards countries that have difficulty accessing private capital, such as LDCs and LMICs, while also bearing in mind the issue of debt sustainability.

In terms of regional distribution of the EU's total allocable bilateral ODA, in 2015-16, 39% went to Africa, 22% to Asia, 7% to the Americas, and 31% to Europe[10] - although the combined population of ODA recipient countries in Europe represents just 3% of that of all ODA recipient countries. The regional distribution trend and the absolute amounts have been fairly stable since 2011-12. However, the proportion to Africa was much higher at 48% in 2009-2010, one year before the EIB's concessional loans started to be counted as ODA.

In 2015-16, among its 144 partner countries, the EU collectively was one of the top three largest donors in 75 countries and one of the top five largest donors in 118 countries. Turkey was the largest single recipient of bilateral ODA from EU in 2015-16, with USD 2.9 billion or approximately 17% of total disbursement (Annex C). Disaggregated by types of flows, the top recipient countries for loans - all by EIB - were mostly UMICs (Turkey, Serbia, Morocco, Tunisia, and India) and those for grants were mostly LMICs and UMICs (Turkey, West Bank and Gaza Strip, Afghanistan, Syrian Arab Republic and Ukraine). However, within grants, most of the top recipient countries of the European Development Fund, which is focused on poor ACP countries, were LDCs in Africa, among them Burkina Faso, Ethiopia, Mali and Niger.

In order to allocate more resources where they are most needed, the Commission has developed a methodology based on five indicators (Chapter 2). However, these criteria apply only to about one-third of total EU bilateral, as it excludes, for example, humanitarian aid and loans from EIB. As a result, the overall focus of EU's ODA does not reflect targeting the world's poorest countries. Therefore, in order to fill its co-ordinating role of encouraging EU member states to meet their target of 0.15%-0.2% of ODA to LDCs, the EU could direct more of its own aid towards the world's poorest countries (Chapter 2).

The EU is yet to meet its human development allocation target; and refugee-related actions are not easily identifiable

In terms of sector allocation, the largest share of bilateral allocable ODA disbursement from the EU as a whole went to economic infrastructure (including water and sanitation) in 2015-16 at 35%. The next largest share went to humanitarian aid at 12%, followed by human development - which the EU defines as health, education and social protection - at 11%. Although the EU has a target to allocate at least 20% of its total ODA provided during the MFF 2014-20 to human development, it is yet to meet this commitment (COM, 2011; Council of the European Union, 2017).

Based on reporting to the Creditor Reporting System (CRS) by the Commission and EIB in 2016, an estimated USD 952 million of ODA spending was related to migration and refugees, constituting 5% of the EU total bilateral ODA, disbursed to Jordan, Lebanon, Turkey and the West Bank and Gaza Strip, among others. An estimated USD 134 million of this amount contributed to the EUR 1 billion budget of the EU Facility for Refugees in Turkey for the two years 2016-17 which was determined to be 97%-100% ODA eligible by the DAC Working Party on Development Finance Statistics (WP-STAT). At the same time, it is highly likely that some relevant activities have not been captured adequately due to the multisectoral nature of support for refugees. In this context, the new CRS purpose code on migration (15190), agreed by WP-STAT, is expected to provide more clarity on refugee-related costs in the future.

The Commission provides a significant amount of budget support; more effort could be made to concentrate on priority sectors

While it is not an allocation to a sector, the Commission's budget support is worth noting as it provides significant leverage to engage with partner countries in policy dialogue for reform (Chapter 5 and Annex D). In 2015-16, 15% of the Commission's ODA disbursement,[11] and more specifically one-fourth of the EDF's ODA, was disbursed as budget support. Of this amount, two-thirds went to sector support that targeted diverse areas including health, education, economic infrastructure and agriculture. The largest recipient countries for total budget support disbursement in 2015-16 were Burkina Faso, Georgia, Ghana, Jordan, Mali, Morocco, Niger, South Africa, Ukraine, and Tunisia.

In line with the concentration principle proposed in the Agenda for Change in 2011, but not reconfirmed in the Consensus, the EU's country programmes have been focusing on a maximum of three sectors per country since 2014 (European Commission, 2018a, 2011). In Bolivia, for example, the Commission is focusing on water and sanitation, combatting drug trafficking and justice reform (Annex D). At the same time, the thematic funding, trust funds, investment funds and the EIB do not necessarily finance the three priority sectors in each country. Thus, further effort to concentrate on priority sectors to bring better synergy and coherence among EU actors could be explored.

Multilateral ODA allocations

Peer review indicator: The member uses the multilateral aid channel effectively

The European Union channelled 18% of its total bilateral ODA to multilateral organisations as multi-bi funding in 2015-16. Given the fact that member states are also channelling funds to the same organisations, the EU could clarify the added value of its use of this modality.

The Commission allocates significant proportion of its bilateral funding to multilateral organisations

The EU, acting as an individual donor in its own right with a *sui generis* legal nature, provides significant amount of funds to multilateral organisations. However, unlike other DAC members, the EU does not provide a large proportion of core funding. In 2015-16, for example, just 1% of its total ODA, amounting to an annual average of USD 199 million, was disbursed as multilateral ODA, chiefly to the Global Fund to Fight AIDS, Tuberculosis and Malaria. Yet the EU channels a significant proportion of its bilateral ODA through multilaterals.[12] Such funding comprised 18% of EU bilateral ODA or 24% of the Commission's[13] bilateral ODA in 2015-16, totalling on average USD 3 billion per year. In comparison, the 20 EU-DAC member states on average channelled 16% of their respective bilateral ODA to multilateral organisations.

These multi-bi contributions can be significant for the receiving organisations. For example, the EU was the second largest donor of the World Food Program in 2016, contributing to 15% of the organisation's total funding (WFP, 2018). It also contributed to 9% of the public sector revenue of United Nations Children's Fund (UNICEF, 2017) and 7% of the total contributions to the UNDP in 2016 (UNDP, 2017). In terms of specific sectors in 2015-16, 30% of these multi-bi contributions were targeted to humanitarian aid, 18% to public sector capacity building and 11% to the productive sector. Morocco, Serbia, Tunisia and Turkey were the top country recipients of EU multi-bi funding.

The value added of the Commission's aid channelled through multilateral organisations could be further clarified

The 2012 DAC peer review of the EU noted that several EU stakeholders questioned the value added of European funds being channelled through multilateral organisations (OECD, 2012). This concern was again mentioned to the review team, with criticism concentrated on the significant transaction costs incurred by the receiving organisations in processing and programming multiple funding sources (Chapter 5). In response, the Commission has stated that it works with multilateral organisations that are: specialised or influential in managing global public goods, such as the fight against climate change; are more experienced on the ground (e.g. UNICEF and UNHCR in Yemen); and/or have greater perceived neutrality. In addition, the Commission's multi-bi funding enables member states to provide support to refugee-related and other politically sensitive activities with a lower level of political visibility for the members.[14] Nevertheless, as EU member states can provide core or multi-bi funding to the same organisations for similar types of activities, the rationale for the EU to channel such a high proportion of its ODA to other multilateral organisations may need to be explained more clearly.

Financing for development

Peer review indicator: The member promotes and catalyses development finance additional to ODA

To contribute to the Addis Ababa Action Agenda, the EU tracks various financing for development flows by member states and addresses issues such as domestic resource mobilisation, public finance management, trade, remittances and blending. The Commission is to be commended for establishing the External Investment Plan to mobilise private investment for sustainable development. In trying to mobilise private sector resources for development, however, there is a need for a whole-of-EU approach between the Commission and the EIB.

The European Union is demonstrating global leadership in financing for development

In responding to the call of the Addis Ababa Action Agenda, the EU monitors various financing for development flows by member states. It also promotes relevant activities by the EU and the member states such as domestic resource mobilisation, public financial management, remittances and blended finance (European Commission, 2018b).

In particular, under the EU's Collect More - Spend Better approach adopted in 2015, the EU and member states contribute to improving domestic resource mobilisation and public financial management in partner countries. For example, as a major supporter and financial contributor to the World Bank's Revenue Mobilisation Strategy and Public Financial Management Reform Programs, the EU helped Mali increase tax revenues as a share of GDP to 15% in 2016 from 12% in 2013 and Cambodia to 15% in 2016 from 11% in 2012 by working on tax policies and expenditures. In addition, the EU facilitated several developing countries joining the Global Forum on Transparency and Exchange of Information for Tax Purposes to combat illicit financial flows (Chapter 1).

On remittances, EU member states agreed in 2015 to reduce the average cost of legal remittance transactions to less than 3% and to eliminate by 2030 legal channels with costs of higher than 5%. This aim is in line with Group of Eight (G8) and Group of Twenty (G20) commitments to reduce burdensome transaction costs of migrant remitters, supported through price comparison websites, for example.[15] As these efforts are a good start, an evaluation of progress to date would be useful, particularly in assessing the proportion of remittances benefitting from these actions.

In terms of blended finance efforts, the EU has set up eight regional investment facilities to mix grants with loans to soften the overall repayment terms, mostly for large infrastructure projects. In the last ten years, around EUR 5 billion in grants financed over

440 blended projects, leveraging approximately EUR 28 billion in loans from European finance institutions (European Commission, 2018b). At the same time, an evaluation of blended finance shows that while the projects were successful overall, the added value was unclear and transaction costs were high. Diversification was also deemed necessary since more than 90% of blending was implemented with four European development banks: the EIB, KfW, the French Development Agency (AFD) and the European Bank for Reconstruction and Development. Moreover, more than 80% of this blending served middle income countries and 75% was in large infrastructure sectors such as energy, transport, and water and sanitation (European Commission, 2016).

The EIB is mobilising private sector resources for sustainable development

The EIB is also contributing to the Addis Ababa Action Agenda because it considers the private sector to be vital for job creation and inclusive growth (EIB, 2016). In this context, the Bank recognises that access to finance is a major constraint to private sector development in developing countries. Therefore, the EIB offers different instruments to support the private sector. These include: loans to local financial intermediaries to modernise banking systems and foster SMEs; loans and equity investments in microfinance institutions to enhance access to basic financial services for the poorest; participation in private equity funds to provide much-needed expertise and risk capital to companies; direct loans to larger companies for strategic investment projects or for research and development where there is high potential for developmental impact; and guarantees for projects that are backed by the Commission.

Building on the success of its Green Bond, which was the first of its kind, the EIB is now also developing innovative financial instruments that will back activities supporting the delivery of the Sustainable Development Goals, particularly in water, health and education.[16] One such instrument is the Sustainability Awareness Bond, which is scheduled to be issued in the third quarter of 2018. In 2016, EIB channelled USD 1.3 billion, or 26% of its loans, to the private sector, mostly in banking and financial services and energy.[17] By comparison, although the time frame is different, the EIB mobilised on average USD 4.3 billion per year from the private sector through credit lines over the four-year period between 2012 and 2015, mostly in banking and financial services and infrastructure (Benn, Sangaré and Hos, 2016).[18] As the vast majority of the mobilisation was in Turkey, followed by Ukraine, Serbia and Nigeria, EIB could reconsider how it can boost development finance in poorer countries as well.

The implementation of the new External Investment Plan needs attention

In 2017, the EU launched the External Investment Plan in an effort to mobilise private investors to contribute to sustainable development in Africa and the European neighbourhood countries. It aims to help improve the business environment by supporting regulatory, legislative, and governance reforms and provide technical assistance for businesses to develop financially attractive projects. The plan also includes the European Fund for Sustainable Development (EFSD), which offers guarantees to leverage public and private investment. With an input of EUR 4 billion, the EIP aims to leverage EUR 44 billion of total investments in Africa and in the Neighbouring Countries[19] (European Union, 2017). The Plan also aims to tackle some of the root causes of irregular migration by helping to provide greater economic opportunities for people in their home countries and reintegrating returning migrants.

Regarding the EFSD guarantees, their design addresses the issues raised in the evaluation of blended finance, with increased number of partner financial institutions - including from the private sector - prioritisation of Sub-Saharan Africa, and diversifying the thematic areas of support, beyond infrastructure. In particular, none of the five investment facility windows focuses on large infrastructure projects, except for renewable energy projects. Furthermore, there are pricing incentives embedded in the EFSD guarantees that will ensure that the share of LDCs will increase substantially. EFSD is also intended to ensure additionality and avoid crowding out other private or public investments by supporting operations that contribute to sustainable development which could not have been carried out without the guarantees. Furthermore, EFSD guarantees typically have a higher risk profile than the portfolio of investments supported by eligible counterparts under their normal investment policies. By April 2018, 13 entities proposed 45 investment programmes totalling EUR 3.5 billion for the EFSD guarantee of EUR 1.5 billion.

In reaching out to the business community, the Commission has carried out numerous presentations on the EIP in EU member states and the neighbourhood countries - soon to launch in Sub-Saharan Africa - as well as at major international events. Furthermore, businesses that are interested in benefitting from the EIP are encouraged to contact one of the financing institutions managing the investment windows to obtain further information and submit investment proposals online. In assessing the proposals for the EFSD guarantees, the Commission seeks opinions of technical experts who include EIB staff. The EIP Secretariat is also staffed with experts with experience in mobilising private finance and working with the private sector.

The EIP is a commendable initiative for the EU to contribute to the Addis Agenda, particularly by addressing areas that are both upstream (policies) and downstream (financial instruments and technical support for businesses). Nevertheless, there are issues that require attention. First, the EU should keep ensuring that projects well target partner country priorities. Second, the added value of the EFSD in guaranteeing operations of development finance institutions of EU member states by using contributions originated from the same EU member states could be better elaborated to all stakeholders, including partner countries, the business community, and civil society. This is particularly the case since EU member countries can directly provide capital and other support to their own development finance institutions as intermediaries in reaching the private sector, without the high transaction costs and administrative burden associated with the EU's blended finance operations. Third, a whole-of-EU approach to EIP through enhanced collaboration between the Commission and EIB - including at the strategic and country levels as well as to help improve the investment climate - could make the EU's contribution to the Addis Agenda more coherent, comprehensive, and effective.

Notes

[1] This is the sum of net disbursements by EU DAC members and by EU actors, minus the member contributions to the EU to avoid double counting.

[2] Preliminary figures.

[3] 2017 data is not available at the time of writing due to the need to obtain income level data from multilateral organisations in order to impute DAC member's contributions to multilaterals.

[4] Preliminary figures.

[5] The DAC does not include disbursements from EU institutions in the ODA/GNI ratio.

[6] The ODA provided by the EIB is reported to the OECD DAC as part of EU institutions' ODA.

[7] EIB operations in ACPs and those in Overseas Countries and Territories are carried out under the ACP-EC Partnership Agreement (the "Cotonou Agreement", 2000-2020), and the Overseas Association Decision, the legal framework for EU relations with these regions. Financing under these agreements is provided from the EDF - EU member states' budgets which guarantee EIB loans– and EIB own resources, which the Bank borrows on the international capital markets. The External Lending Mandate supports EIB activity in the pre-accession countries, the Eastern and Southern Neighbourhood, Asia, Latin America and South Africa. Under the current External Lending Mandate period (2014-2020), the EU budget guarantees up to EUR 27 billion of EIB operations so roughly 3 billion per year.

[8] From Reuters: https://www.reuters.com/article/us-eu-eib-exclusive/exclusive-european-investment-bank-plans-internationally-focused-offshoot-idUSKBN1E02XC and German Development Institute: https://www.die-gdi.de/en/the-current-column/article/why-we-need-a-european-development-bank/.

[9] In 2015-16, 94% of this ODA to low income countries went to the least developed countries. The remaining 6% went to low income countries that are not LDCs: Democratic People's Republic of Korea, Kenya, Tajikistan and Zimbabwe.

[10] According to DAC statistics, Turkey is classified as a country in Europe.

[11] The European Investment Bank is excluded as it does not provide budget support.

[12] The top recipient organisations in 2015-16 were the World Food Programme, the United Nations Children's Fund, the World Bank Group, the United Nations Development Programme, the United Nations High Commissioner for Refugees (UN Refugee Agency), and the United Nations Relief and Works Agency for Palestine Refugees.

[13] The EIB does not provide multi-bi funding.

[14] European Commission officials provided this explanation during the visit to headquarters by the Peer Review team.

[15] One such website is envoidargent.fr in France, which includes information for just 25 countries and around 10 financial institutions and displays rates that are more than 18 months old.

[16] Information provided by EIB officials during the visit to Brussels by the Peer Review team.

[17] The source for this information is the OECD Creditor Reporting System database.

[18] A new CRS code for the private sector as a channel is applied for data from 2016 onwards only. Therefore, it is not possible to determine how much of the EIB-disbursed funds reached the private sector during the 2012-15 period of the study.

[19] See https://ec.europa.eu/commission/sites/beta-political/files/external-investment-plan-guide-nov17_en.pdf.

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Chapter 4. The European Union's structure and systems

Authority, mandate and co-ordination

Peer review indicator: Responsibility for development co-operation is clearly defined, with the capacity to make a positive contribution to sustainable development outcomes

The question of where authority and leadership for development co-operation sits within the European Union is a complex one. Despite this situation, those working within its structures point to a consultative and pragmatic approach that strengthens co-ordination and buy-in for decision making across the development co-operation system.

Authority and leadership for development co-operation are shared across a complex system

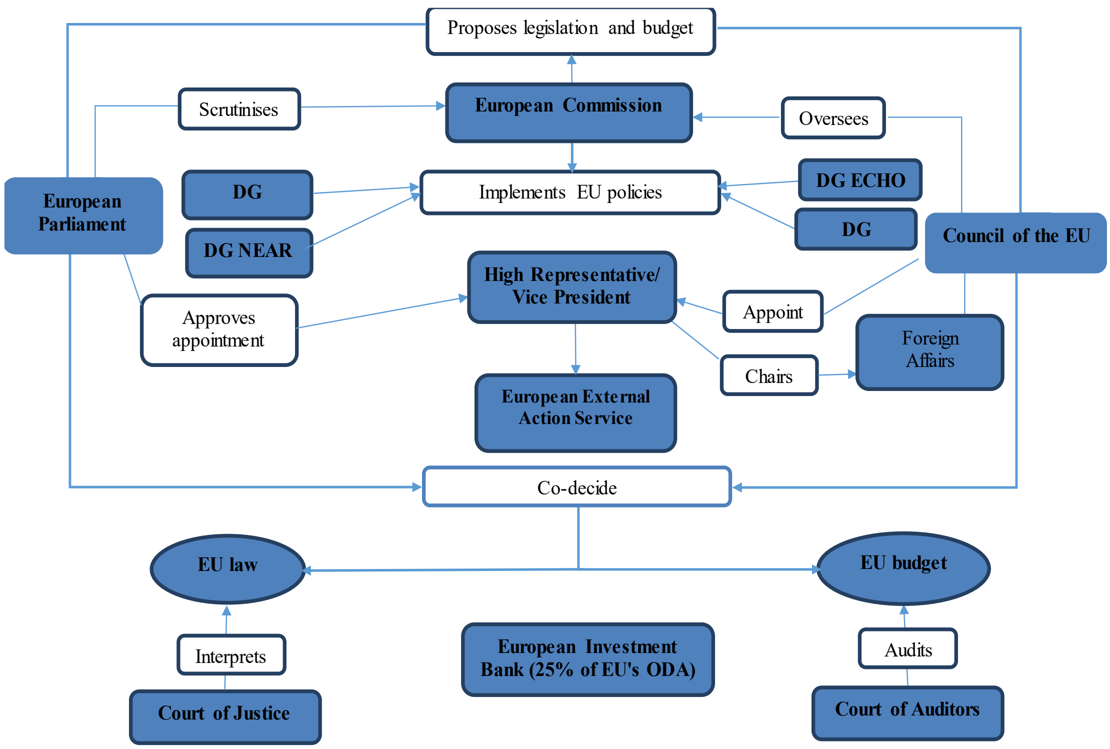
Legally, the codification of development co-operation as a shared competence by the Lisbon Treaty leaves the ultimate authority for the EU's development co-operation policy for the EU institutions. The shared nature of development policy also means that the EU and its member states need to co-ordinate the EU's development policy on the one hand and the policies of its 28 individual member states on the other (European Union, 2010). Thus the member states are required to follow the aims of the EU's external action in designing and implementing their national programmes, while the EU is also required to respect the sovereignty of its member states. Commentators have argued that, despite this legal framework, the EU has little or no scope for sanctions if the member states' policies do not align with the EU's global or development policies (Ducourtieux, 2018).

Nevertheless, the Treaty[1] stipulates that the EU's development co-operation policy and that of its member states should complement each other. Furthermore, it states that the Commission may take initiatives to promote co-ordination. In this context, the new European Consensus on Development (the Consensus), agreed in 2017, strengthens the potential for increasing the co-ordinating role and convening power of the EU[2] over member states - including through the elevation of EU joint programming as a top-level priority across the EU's development system (Chapter 5).

Within EU's development co-operation policy, the ultimate authority lies with the European Parliament and the Council of the European Union (Figure 4.1). In a division of power governed by the Treaty, the Parliament's role is political, legislative and budgetary. The Council, which sets general policy direction, also has a co-legislative role, such as the adoption of some financing instruments, for example, the Development Co-operation Instrument. It also decides on the multiannual and annual EU allocations and exercises political oversight over the use of these funds within the annual budget discharge procedure, subject to the final decision of the European Parliament

(European Union, 2010). All external actions, including development aid, are scrutinised by the European Court of Auditors whose reports form the basis for the discharge exercise led each year by the Parliament's Budgetary Control Committee.

Figure 4.1. Roles and relationships of EU development institutions



Source: DAC Secretariat.

The European Commission is the executive body of the EU.[3] As such, it has the right of initiative for all policies related to development co-operation except in the area of the Common Foreign and Security Policy (CFSP). In addition to responsibility for policy and proposed legislation, the Commission, as the EU's civil service, oversees the day-to-day running of the EU, implementing policies and executing its budget. The Commission is organised into the College of 28 Commissioners (one national from each member state), including a President proposed by the European Council and appointed by the European Parliament (European Union, 2010). Since the Lisbon Treaty came into force, the High Representative of the Union for Foreign Affairs and Security Policy (HR/VP) is automatically a Vice-President of the Commission, representing the EU in international fora including the United Nations, exercising authority over the EU's 140 delegations globally and ensuring the co-ordination of development co-operation policy with the EU's global policy (Article 18.1, TEU). While this common approach to foreign policy makes the EU's external action more consistent with the ability to speak with one voice, it also makes the EU's external action architecture more complex, with cumbersome processes and procedures (see below).

Co-ordination of the EU's development policy: Challenging but effective

Within EU actors, a plethora of co-ordination mechanisms to the EU's external action constitutes an integrated approach to maximise synergies among policy areas. While individuals interviewed in Brussels by the Peer Review Team reported that they are effective compared to other donor and international systems, the EU nevertheless maintains a complex and administratively heavy web of co-ordination mechanisms.

Without prejudice to the overall responsibility of the Commission as a whole, the Directorate-General for International Cooperation and Development (DG DEVCO) is in charge of formulating overall EU international co-operation and development policy. The Directorate-General for European Neighbourhood Policy and Enlargement (DG NEAR) is also responsible for formulating and implementing the European Neighbourhood Policy, through which a large portion of the EU's official development assistance is programmed.[4] Meanwhile, the Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG ECHO) is responsible for humanitarian assistance.[5] In terms of direct leadership, each Directorate-General receives political guidance from its respective Commissioner. At the EU inter-institutional level, Commission representatives (notably from DG DEVCO, DG NEAR and DG ECHO) maintain relations with member state representatives through preparations for ministerial meetings and relevant working groups of the Commission and Council. They also maintain relations with the European Parliament for all matters related to development co-operation and cross-cutting issues. These DGs represent the Commission as appropriate at plenary and committee sessions as well as co-ordinate on follow-up actions to resolutions and all the relevant procedures related to the Parliament.

Sitting somewhat apart from the EU's institutional system, the European Investment Bank (EIB) which operates in accordance with the provisions of the EU treaties is able to make decisions relating to its operational tasks independently of the Commission through its shareholders of EU member states. While only a small proportion of EIB financing goes to developing countries, it disburses approximately one quarter of the EU's total net ODA. Therefore, as a significant implementer of the EU's development co-operation system, the EIB, as a signatory of the 2017 Consensus, is committed to supporting and implementing the EU's external and development co-operation policy objectives (Chapter 3).[6]

In 2009, the appointment of the HR/VP, which added another layer to the EU's leadership structure, intensified the EU's policy co-ordination efforts. As Figure 4.1 shows, the HR/VP is a central figure in development policy, mandated to ensure that all EU policies are coherent and consistent with the principles, values and objectives of EU external action. The HR/VP is supported by the European External Action Service (EEAS), which was established in 2010 to assist the HR/VP to further develop and implement the EU's Foreign and Security Policy. The EEAS also provides support to the Commission, including on development co-operation.[7] However, the structure whereby the EEAS, which is separate from the Commission but reliant on Commission systems to do its work, does not always make this co-ordination role in Brussels easy. At field level, however, the EEAS takes on a key leadership role, particularly through its appointment of Heads of Delegation.

As seen in Mali and Bolivia, the EEAS is playing a valuable role at diplomatic levels in the field in ensuring co-ordination across EU actors and in implementing the shared vision outlined in the Consensus and the Multiannual Financial Framework (Chapters 2 and 3). A substantial proportion of the delegation heads - approximately 40% at present - are seconded from member states, which can potentially further increase synergies between EU and national-level policies. Sustaining these gains is likely to require:

- Streamlining existing co-ordination mechanisms and clarifying how each EU actor is responsible for implementing the EU's vision for the 2030 Agenda.
- Defining new opportunities for co-ordination in new development-related budget instruments proposed for the next Multiannual Financial Framework 2021-27.[8]
- Continuing to ensure an efficient division of labour between EU entities (e.g. EEAS leading on geographic programmes and some thematic instruments,[9] with DG DEVCO leading on other thematic programming) while breaking down development silos.

Systems

Peer review indicator: The member has clear and relevant processes and mechanisms in place

The European Union has made some progress in simplifying its system and standardising its processes. As it moves towards a new period of planning and guidance with the release of a draft Multiannual Financial Framework for the period 2021-27, the European Union has an opportunity to review the effectiveness and efficiency of its development co-operation system as a whole, including the heavy burden of its systems on partners.

EU processes and systems remain too time-consuming

The 2012 DAC review of the EU's development co-operation identified challenges across the management system for development co-operation, highlighting the need to reduce budget lines and align rules for implementation of the Development Cooperation Instrument (DCI) and the European Development Fund (EDF). The review made a number of recommendations on simplifying and streamlining procedures and further devolution of authority to EU delegations. While there is some progress in addressing these areas and in improving quality assurance tools, EU actors have further to go to ensure their systems are fit for purpose. As it moves towards a new period of planning and guidance for the next Multiannual Financial Framework 2021-27, including plans to simplify and streamline its instruments, the EU has an opportunity to review the effectiveness and efficiency of its development co-operation system as a whole (COM, 2018a).

Overall, the EU's approval processes for both policy and programming remain complex due to the sheer number of institutional and external actors involved. For example, before long-term programming decisions can be adopted by the Commission, they require not only approval through EU actors but also endorsement from member state experts (the EU's committees). Moreover, at the administrative level, the EU could do more to reduce the burden of its systems for its own users and its partners. For example, the time-consuming PAGoDA agreements, including for relatively small amounts of financing, were drawing criticisms from partners (FAFA, UN-European Commission 2015) - however, the template has been significantly simplified in recent years.[10] As observed in Bolivia and Mali, a number of the planning, implementation and reporting tools developed in Brussels could better take account of needs in the field. For example, a one-stop shop electronic acquittals tool that was rolled out to posts does not allow delegations to input transportation costs, requiring complementary paperwork. Furthermore, these and other duplicative or heavy administrative procedures are diverting senior officials in the field from more strategic work.

The EU's procurement and contracting systems are widely recognised as inclusive and transparent (Chapter 5). However, although simplified in recent years, they are still difficult to understand for the EU's implementing partners. While the EU has no plans to streamline this process, the introduction of a new user guide - the Practical Guide for Procurement and Grants for European Union External Actions (PRAG) - represents a positive development that is also helping to standardise processes in some areas (Annex D). In addition, the EU has adopted a Common Implementation Regulation that sets out common rules for the external financing instruments of the EU budget such as the DCI, the Instrument for Pre-Accession Assistance and European Neighbourhood Instruments. Many of these rules have also been aligned to the EDF in response to the DAC's 2012 call for further synergies among these instruments and in preparation of the proposal to consolidate instruments in the new Multiannual Financial Framework for 2021-27.

The EU is increasing its operational and political focus on risk management beyond its existing guidance and procedures on fraud identification and management (Abrahams, 2017). To implement this focus, the Commission in 2018 introduced a new Internal Control Framework (ICF), with the first assessment planned to inform the Commission's 2018 activity report. In 2017, a new two-step quality procedure was introduced that begins with an informal process to target issues of major concern at an early stage, followed by a second stage aimed at strengthening the overall quality of programme documents.[11] In addition, the EU's 2015 audit reform has expanded the role of the audit committee substantially.

These developments demonstrate the EU's deep commitment to assessing and managing risks. At the same time, while the EU is already supporting innovation in a number of important areas, such as financing for research on global public goods, green bonds and state building contracts in fragile contexts (Chapters 1, 3 and 7), there is room for further efforts in the way the EU balances its increasing risk management demands with an innovation culture. In particular, as the EU moves towards a new period of planning and guidance, it will need to pay attention to ensuring that it does not stifle innovation, including by continuously reviewing trade-offs around risk management (e.g. high administration and management costs). In doing so, the EU might benefit from the experience of other donors in this area where efforts to incentivise innovation and adapt to changes in the development landscape are well embedded.

Capabilities throughout the system

Peer review indicator: The member has appropriate skills and knowledge to manage and deliver its development co-operation and ensures these are located in the right places

As it continues to implement organisational reform efforts, the European Union may benefit from a dedicated assessment of whether the current approach to strategic workforce planning, including through the service level agreements, enables it to have the right specialist skills in the right places at the right time.

Despite some impressive reform efforts, the EU still struggles to ensure it has the right people in the right places

Over the past decade, the EU has implemented a number of organisational and management changes to support its reform efforts with a clear rationale. While these changes offer opportunities for increased coherence and co-ordination across the system, the EU still struggles to ensure it has the right people in the right places to deliver on its priorities and core business.

Following the creation of the EEAS in 2010, the EU's humanitarian and neighbourhood programmes retained their previous mandates and functions. However, the EU's external development co-operation function was reconfigured in 2011 through the establishment of DG DEVCO, bringing policy and management functions under one roof.[12] Impacts on staffing levels and expertise differed across these organisations. For instance, between 2012 and 2018, DG DEVCO experienced significant staff cuts while staff numbers increased at DG ECHO, DG NEAR and EEAS. Table 4.1 shows these staffing trends. Moreover, despite some specific initiatives to preserve critical expertise,[13] the reduction of specialist skills in DG DEVCO and prioritisation of generalist and diplomatic career paths since the DAC's last review, there is increasing risk of diluting the EU's ability to make informed decisions, to engage strategically with partners and to deal with an increasing number of complex crises. Responding to this, DG DEVCO has developed a new human resources strategy to help manage ongoing impacts of staff reductions.

Table 4.1. Staffing trends for EU development co-operation entities

Comparison of staff numbers in DG DEVCO, DG NEAR, DG ECHO and EEAS (2012-2018): headquarters, delegations and total number.

Org.	HQ/EU DEL	2012	2013	2014	2015	2016	2017	2018
DEVCO[1]	HQ	1.117	1.121	1.135	970	950	947	922
DEVCO[1]	DEL	2.826	2.671	2.684	2.149	2.170	2.190	2.174
DEVCO[1]	TOTAL	**3.943**	**3.792**	**3.819**	**3.119**	**3.120**	**3.137**	**3.096**
EEAS[2]	HQ	1.467	1.598	1.859	1.928	1.953	1.607	-[3]
EEAS[2]	DEL	1.909	1.876	2.246	2.261	2.284	1.989	-[3]
EEAS[2]	TOTAL	**3.376**	**3.474**	**4.105**	**4.189**	**4.237**	**3.596**	**-[3]**
ECHO[1]	HQ	620	644	639	671	692	733	774
ECHO[1]	DEL	2	3	4	5	5	5	5
ECHO[1]	TOTAL	**622**	**647**	**643**	**676**	**697**	**738**	**779**
NEAR[1]	HQ	-[4]	-	-	491	506	526	517
NEAR[1]	DEL	-[4]	-	-	1.013	1.020	1.061	1.075
NEAR[1]	TOTAL				**1.504**	**1.526**	**1.587**	**1.592**

Note: While all DG DEVCO and DG NEAR staff work on development co-operation activities, not all DG NEAR activities are ODA-eligible. The global mandate of EEAS covers the EU's entire Foreign and Security Policy.
[1]Source: DG for Human Resources and Security
[2]Sources: EEAS Annual Activity Reports (2012-2013) https://eeas.europa.eu/headquarters/headquarters-homepage/3625/annual-activity-reports_en; EEAS Human Resources Reports (2014-2017) https://eeas.europa.eu/topics/external-investment-plan/3618/eeas-human-resources-reports_en.
[3]EEAS' figures for 2018 are not yet available.
[4]DG NEAR has been created only in 2015, so no figures are available before that date.

Retention of knowledge and expertise remains a major challenge

In 2017, the EU introduced a new human resources modernisation project that aims to harmonise conditions and standards across the Commission. This welcome initiative has significant potential to improve consistency in the application of the EU's human resource policies which could also reduce transaction costs associated with managing multiple services and staff categories across the EU's development co-operation. In implementing these reforms, the EU will need to ensure that initiatives developed in Brussels also take account of needs in the field. As evidenced in Bolivia and Mali, there is a need to review differences in staff conditions for the different categories of employment at post.[14] Efforts are needed specifically to improve support for development and mobility opportunities for local staff.

Retention of knowledge and expertise remains a major challenge as well, particularly for DG DEVCO where one-third of the workforce are contract staff. Therefore, recent efforts to share the know-how and expertise of staff leaving DG DEVCO through the dedicated REFLECT programme (Retrospective Reflecting on Experience for Learning, Enhancing Capacity and Uptake) are welcome. Nevertheless, more systematic knowledge sharing across the EU's development co-operation system, including between headquarters and the field, would improve its evidence base for decision making and strengthen organisational learning (Chapter 6).

Overall, many of the human resources challenges observed by the DAC review team in 2012 were still present across all EU actors in 2018: significant differences in conditions and career opportunities among different employment categories, challenges in retaining technical expertise and knowledge, and staff morale below the Commission's average. For example, in the last Commission's staff survey carried out in 2016, the employee engagement in DEVCO was 58%, a level below the 65% average of the Commission. Furthermore, as evidenced in Mali and Bolivia, while it is positive that EU instruments are constantly evolving to better address global challenges, it is often difficult for EU staff and partner organisations to keep pace with these changes (Annex D).

As the EU reflects on what kind of donor it wants to be in a rapidly evolving development landscape, it will need to ensure that its system as a whole has appropriate resourcing and capacity to deliver on its development objectives. The EU may benefit from a dedicated assessment of whether the current approach to strategic workforce planning - including through the service level agreements between the EEAS, DG DEVCO, DG ECHO and DG NEAR - are improving working arrangements and harmonising regulations and conditions among these different entities, enabling the EU to constantly ensure that it has the right mix of specialist skills and generalist/diplomatic profiles in the right places at the right time, both at headquarters and in the field.

Notes

[1] See Article 208/1 and 210/2 of the TFEU.

[2] The EU, having a legal personality under international law, is a member of the OECD DAC and as such is recognised as an individual member of the DAC along with 20 EU member states.

[3] The Commission is renewed every five years with current commissioners due to end their terms in 2019. For further details on EU entities, see Annex D.

[4] The European Neighbourhood Policy (ENP) governs EU relations with 16 of the EU's closest eastern and southern neighbours: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, West Bank and Gaza Strip, Syria, Tunisia and Ukraine. Russia takes part in cross-border co-operation activities under the ENP but is not a part of the ENP.

[5] Since the last review, the core development entities in the EU's system are also working more closely with DG HOME, the directorate-general responsible for migration policy, in the scale up of the response to the global migration and refugee crisis (Chapter 7).

[6] The European Investment Bank (EIB) was founded in 1958 under the Treaty of Rome to support EU policies by providing long-term lending. It is supervised by the Board of Governors that comprises finance ministers of the EU member states. Its resources are based on borrowing from the capital market or with funding from the EU, the European Development Fund (EDF) or EU member states. Since about 90% of its financing is based in EU member countries, only a small proportion is disbursed to ODA recipient countries. The EIB, committed to the SDGs and the new European Consensus, works in these countries to mainly encourage private sector development, infrastructure development, security of energy supply and environmental sustainability.

[7] The 26 July 2010 Council decision on the EEAS on 26 July 2010, states that the organisation should contribute to the "management and programming" of the external action instruments. See https://eeas.europa.eu/sites/eeas/files/eeas_decision_en.pdf. A general service level agreement was issued in December 2010, updated guidance on working relations was provided in December 2011, and a memorandum of understanding between EEAS and the Commission was agreed in 2012.

[8] The Heading 4 (comprising the development component) currently represents roughly 6% of the total MFF 2014-2020 budget.

[9] For example, the Partnership Instrument, Instrument contributing to Peace and Stability, European Instrument for Democracy and Human Rights, and Instrument for Nuclear Safety Cooperation.

[10] The PAGoDA-template was significantly simplified in 2016, taking into account the feedback and recommendations from partner organisations. The new EU Financial Regulation, which entered into force on August 2, 2018, provides for further simplification, allowing for, *inter alia,* a stronger reliance on partners' rules and procedures. These new elements are reflected in the contribution agreement template, which is currently being finalised to replace the existing PAGoDA template.

[11] Quality assurance for EU-funded programmes takes place through the Quality Support Groups (QSGs) process, which provides a prior quality assessment of the design of programmes under the responsibility of operational directorates of the DG DEVCO.

[12] DG DEVCO was established in 2011 following the merger of parts of the former Directorate General for Development and Relations with ACP States and the EuropeAid Cooperation Office, bringing under one roof the policy and management of most of the EU's financial instruments for development co-operation. A new Service for Foreign Policy Instruments was also set up within the Commission in January 2011.

[13] In 2015, the EU organised a specialised competition to attract former specialist contract agents in development co-operation. The competition was aimed specifically to attract expertise in fragile contexts. Further information on this and other EU initiatives to improve expertise is outlined in (COM, 2018b) below.

[14] The categories of staff are: officials, temporary agents from the diplomatic service of the member States, contract agents, and local agents.

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Chapter 5. The European Union's delivery modalities and partnerships

Partnering

Peer review indicator: The member has effective partnerships in support of development goals with a range of actors, recognising the different and complementary roles of all actors

The European Union is recognised as a trusted and relevant development co-operation partner at both international and country levels. Partner countries and civil society organisations alike highly appreciate its predictable support and the variety of its instruments and partnership modalities. Co-ordination and harmonisation efforts with its member states, including through joint programming approaches, are also widely appreciated. To maximise their potential, the European Union should continue to pursue plans to further refine these and other partnership approaches and instruments, including those for other multilaterals and the private sector. It can also continue to build on the progress made in making its programme more transparent and untied.

The European Union encourages inclusive approaches to prioritise development needs

During the 2012-2018 review period, the European Union (EU) has developed and strengthened its policy framework as well as partnering and programming approaches with the aim of becoming more responsive, inclusive and fit for purpose. The EU is taking steps to operationalise these policy ambitions by, *inter alia*:

- Developing a broader range of support instruments to flexibly and effectively respond to the diversity of global, regional and country development challenges and increasing number of crises. These instruments are currently undergoing a process of consolidation and refinement within the draft Multiannual Financial Framework proposal 2021-27 in response to evaluation findings (European Commission, 2018c, 2017a).[1]
- Refining and expanding joint programming processes in 56 partner countries as a preferred mechanism to promote greater co-ordination, harmonisation, alignment and effectiveness of the support given by the EU and its member states. Furthermore, it is continuing to invest in initiatives for global and country level transparency.
- Setting up and rolling out a comprehensive framework[2] for engaging with civil society organisations and local authorities (European Commission, 2017c, 2013, 2012).[3] As discussed below, the EU is also adopting more consultative, less

government-centred approaches to ownership and accountability. This represents an evolution since the 2012 DAC peer review (OECD DAC, 2012).

- Attempting to enhance the approach and instruments for partnering with the private sector as a strategic player in partner countries (European Commission, 2014a).[4] This is still a work in progress. At the same time, the EU is continuing to untie aid and maintain a significant proportion of support channelled to and through private sector institutions, which, at 10% of all bilateral disbursements in 2016, is triple the DAC average.[5]

The resulting framework facilitates the EU's effective engagement in multi-stakeholder policy dialogue and strengthened partnerships with traditional bilateral and multilateral organisations, developing country governments, and non-state actors across the programming cycle.

Strengthened engagement with civil society and local authorities

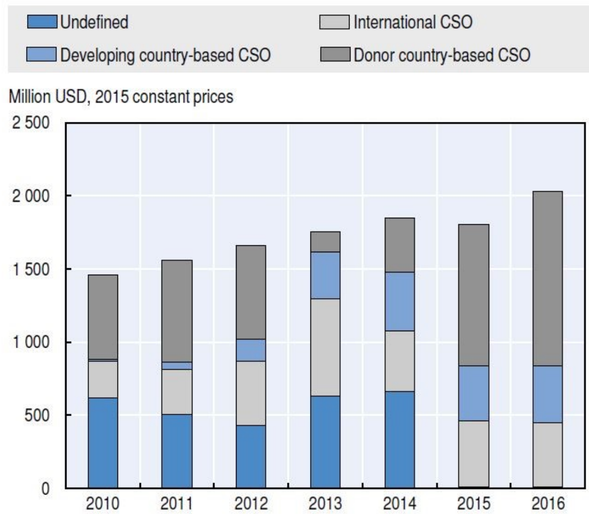
As discussed in Chapter 2, the EU's engagement with civil society and local authorities has been strengthened during the review period with the publication of two new Commission Communications, the creation of the EU's Policy Forum on Development, the signature of 30 framework partnership agreements (25 with civil society and 5 with global and regional association of local authorities) and 107 country roadmaps for engagement with civil society. EU support for programmes and positions that foster an enabling environment for civil society organisations has remained steady throughout the period, including in countries with shrinking civic space.

The partnering approach with local authorities was also stepped up in 2013, with a renewed commitment to decentralisation, in recognising the role of local authorities as key EU partners in development co-operation aimed to achieve better governance and sustainable development (Council of the European Union, 2017; European Commission, 2013). The new partnering approach - linked to an increase in resources for local authorities during the MFF 2014-20 - aims at supporting decentralisation, increasing subnational capacities, addressing the challenge of rapid urbanisation, and engaging with associations of local authorities at all levels. Framework Partnership Agreements with five global and regional Associations of Local Authorities were signed in January 2015.

The share of EU bilateral ODA to and through civil society organisations doubled in response to the 2008 Accra Agenda for Action.[6] The EU has maintained this level throughout the review period, with such funding representing 11% of its ODA on average from 2011 to 2016, reaching USD 2 billion in 2016. Nonetheless, consideration should be given to ensure that current partnership modalities are not creating an uneven playing field by concentrating funding on European-based CSOs (Figure 5.1). Measures taken to date to redress the balance for developing country-based CSOs[7] - *inter alia,* ring-fenced funds, eased co-financing requirements and a greater role for delegations - have helped to maintain but not increase funding channelled to and through local CSOs. An approach that encourages CSOs to partner among themselves to apply to the EU for funds will require attention to ensure that EU-funded CSOs and networks also operate in line with the Istanbul Principles of transparency and accountability and that European CSOs pursue equitable partnerships with their local partner CSOs.[8]

Figure 5.1. EU support to European-based CSOs is increasing

Gross bilateral ODA disbursements to and through CSOs, by type of CSO, 2010-16, EU institutions.



Source: OECD (2018). *Development Co-operation Report 2018: Joining Forces to Leave No One Behind.*

Finally and notwithstanding their broad appreciation for the EU's commitment to promote human rights abroad and protect human right activists, CSOs in Brussels see a need for the EU to increase its early responsiveness and support to civil society in deteriorating governance circumstances and in fragile settings. The Peer Review Team heard this view from CSOs as well during its field missions in Mali and Bolivia, where domestic actors demanded a more strategic, whole-of-society approach to engaging with CSOs.

The EU champions multilateralism and partners with multilaterals to deliver its programme

The EU is a strong supporter of effective multilateral co-operation and partnerships, as reflected in the 2016 EU Global Strategy. The 2017 European Consensus on Development (the Consensus) commits the EU and its member states to encourage multilateral agencies to align with the 2030 Agenda and to harmonise their efforts, including by promoting deeper UN reform to "Deliver as One".[9] The role of the Commission in convening member states around common positions to redefine the post-2015 development architecture in UN fora and the negotiations around the Paris Agreement stand out as significant achievements in the Commission's co-ordinating role (Chapter 1).

The EU also partners with multiple multilateral organisations as implementers of its development co-operation programme. Since 2012, approximately one-fourth of EU support (excluding EIB) is implemented through multilaterals, particularly UN agencies (Chapter 3). Decentralised authority in partnering with multilaterals allows the delegations to tap strategically into the technical expertise and comparative advantage of various multilateral agencies when relevant. This was noted in the 2012 DAC peer review of the EU and attested in the Peer Review Team's two field visits in Mali and Bolivia for this review. That said, and as discussed in Chapter 2, a more strategic approach at global level to partnering with multilateral agencies could help inform partnering choices by EU delegations.

In response to a 2012 peer review recommendation for more targeted and strategic co-operation with international financial institutions (IFIs), DEVCO has stepped up its strategic partnering since 2015. This has resulted in further collaboration and new partnership frameworks with major IFIs during 2018.[10]

Multi-year funding and flexible instruments have increased responsiveness to less predictable country contexts

Budgeting and programming processes, including the Multiannual Financial Framework, contribute to the EU's multi-year predictability towards partner countries and other stakeholders.[11] The role of partner countries in the preparation of bilateral programmes and providing inputs to the long-term planning of geographic and thematic financing instruments facilitates a shared perception across stakeholders regarding the EU as a trustworthy and reliable partner. However, the impending departure of the United Kingdom from the European Union (commonly referred to as "Brexit"), has raised concerns about its potential impact on the predictability of EU development assistance, particularly in the short-term (Olivié and Pérez, 2017). As evidenced in Mali, predictable funding is especially important in fragile or crisis contexts.

In some contexts, the many instruments deployed during the review period have improved the EU's flexibility to adapt to change, particularly in addressing immediate crises in fragile and post-conflict situations. Still, opportunities for improvement remain:

- The Mali field visit demonstrated that the EU is making use of all relevant instruments at its disposal (including shorter- and longer-term instruments, as well as development and security programming) and adopting holistic responses in concert with other partners when confronting a challenging crisis. However, new instruments have become add-ons to a more traditional development co-operation system, one based on the European Development Fund, for which management tools and processes were originally developed. Increasing the coherence and visibility of the overall EU programme in Mali was work in progress (Chapter 2).
- In Bolivia, the government's request to reprioritise assistance towards urban development challenges could only be partially accommodated (at the annual programming level) because major shifts in sector focus would require a burdensome process to alter the EU's current long-term strategic direction in the country.

The proposed new Multiannual Financial Framework 2021-27 provides a useful opportunity to review how procedures and systems can better work together in a fast-changing environment while still ensuring alignment with national development priorities.

For joint programming to fully deliver on its promise, close monitoring, adaptation and partner country leadership are needed

Since 2011, the EU and its member states launched joint programming processes in 56 partner countries, with joint strategies already in place in 20 partner countries.[12] On average, six EU member states participate in these processes. In half of the processes, non-EU partners have also participated.[13] Further policy development and reviews have reaffirmed the value of these joined-up approaches but have also emphasised the need for a voluntary, flexible, and inclusive approach to implementation, tailored to the country context, recognising that in some cases short-term transaction costs are still high (Council of the European Union, 2016). The Council also highlighted the added value of joint programming in terms of reducing transaction costs - including for partner countries.

A recent European Commission (2017a) evaluation finds that overall, joint programming exercises are adding value to the development co-operation of the EU and its member states by harmonising efforts pragmatically around joint analysis, commonly agreed objectives, a clearer division of labour within sectors, and better collaboration and greater visibility of EU-wide country support. However, the EU and its member states should continue efforts to expand the implementation of joint programming - in a pragmatic way - at the country level. In other words, they need to further refine the modality so as to deliver on the high ambition of making European development co-operation more effective, co-ordinated, efficient, coherent, transparent and predictable, as articulated by the Council (Council of the European Union, 2011). Based on analysis from this peer review and the 2017 European Commission evaluation of joint programming, future progress is likely to require a variety of approaches, including:

- Ensuring greater partner country leadership and demand for joint programming to address fragmentation among EU and its member states for collective action.
- Overcoming common issues of partial implementation, limited partner country ownership, and addressing internal constraints that hamper the effectiveness of joint programming, such as how to reconcile different programming cycles, bilateral interests and decision-making processes.
- Continuing the planned move towards joint results frameworks, ensuring that these are aligned with those of the partner countries and utilising them for mutual accountability and collective results reporting.
- Using joint strategies as a basis of joint programming and any related division of labour.
- Considering explicit strategies to avoid unwanted negative effects of EU joint programming on existing co-ordination arrangements with non-EU donors.

As the EU and its member states continue plans to further develop and support flexible joint programming approaches, emphasis should be placed on monitoring their effectiveness. The EU should continue to track whether joint programming is increasing the number of joint political or policy analyses or resulting in better information sharing, closer alignment of budget cycles, and more joined-up or delegated implementation in different partner countries. The effectiveness framework included in Bolivia's European Joint Strategy sets an example of good practice in this regard.

Finally, and before moving ahead with the current intention to replace individual EU and member states' country strategies with European joint strategies, the EU and its member states could examine further the benefit of replacing individual country strategies with Joint Programming Documents in different country contexts. This can take place while they continue to consider how the joint strategies fit within broader whole-of-government engagement of the EU and its member states.

To maintain trust and support for European development co-operation, recent gains in transparency could be expanded to all new modalities and instruments

At the global level, current efforts to improve reporting on the EU's financial contributions and activities in international statistical repositories are paying off (Table 5.1). The EU is also acting in its co-ordinating role by promoting greater visibility of development co-operation by the EU and member states at the global level, including by managing the EU Aid Explorer[14] and through active support to the International Aid Transparency Initiative (IATI) in collecting data from member states. The EU's medium-term predictability, the increased reliance on joint programming and good practice in engaging partner countries in project evaluations[15] all enhance country-level transparency. The EU's International Cooperation and Development Results Framework and related annual reports are also enabling greater transparency of results (Chapter 6). Nevertheless, given concerns from the European Parliament and CSOs on the use of trust funds[16] and private sector instruments,[17] the EU may consider rebalancing the emphasis on communication with other accountability and learning objectives, as well as strengthening the approach to assess and report results of emerging modalities and instruments.

Table 5.1. Transparency of EU development co-operation is improving

Transparency assessments, based on use of information

	Retrospective statistics for accountability *OECD Creditor Reporting System, 2018*	**Information for forecasting** *OECD Forward Spending Survey, 2016*	**Information for aid planning and management** *IATI, 2018*
Most recent assessment	Excellent	Excellent	Good
Baseline	Good	Good	Good
Trend	▲	▲	=

Note: Each assessment is calculated by weighting some sub-dimensions including timeliness, comprehensiveness, accuracy and forecasting.

Sources: Based on baseline calculations in OECD-UNDP (2016), *Making Development Co-operation More Effective: 2016 Progress Report*, http://www.undp.org/content/dam/undp/library/development-impact/-2016%20progress%20report-Final%20(e-book).pdf; and OECD (2018), *Development Co-operation to Leave No One Behind*, p. 62, https://www.oecd.org/dac/DCR2018-Leave-No-one-Behind.PDF.

Progress in untying EU development co-operation should continue

The EU succeeded in 2016 to fully implement the DAC recommendation to untie bilateral aid (OECD DAC, 2014). Following the issuance of new EU financing instruments in 2014, all EU aid to least developed countries (LDCs) and non-LDC, highly indebted poor countries are now 100% untied, jumping from 89.1% in 2011. Untied aid for all countries also grew during the same period to 71.8% in 2016 from 65% in 2011 (OECD DAC, 2018).

In furthering its efforts to untie aid across its whole programme that includes technical assistance, the EU could ensure that its framework contracts concluded in Brussels do not result in preferential treatment for EU companies. Opening this mechanism to locally sourced technical assistance would enable procurement from a wider pool and potentially lower costs. Furthermore, the EU could consider how greater authority in the field might provide delegations the flexibility to hire short-term technical assistance in response to specific challenges.

Country-level engagement

Peer review indicator: The member's engagement in partner countries is consistent with its domestic and international commitments, including those specific to fragile states

The European Union is a proactive advocate of international commitments to engage effectively with partner countries. It makes good use of its large budgets and political influence to support them in a variety of situations over the long-term, including fragile contexts, through general budget support and other instruments. It should now deepen its work to enhance implementation.

Alignment with the principles of country ownership and mutual accountability in spirit and in practice

The EU's approach to country partnerships is conducive to locally defined prioritisation and inclusive programming. Programming guidelines were simplified and streamlined in 2012 to increase alignment with (or be fully replaced by) national development strategies by default (European Commission, 2012). Multiannual Indicative Programmes (MIPs) are being used as the primary tool to identify priority areas, modalities and instruments with partner countries. Consistency, inclusiveness and coherence are promoted through principles and practices that regulate the programming process. The aims include: ensure broader ownership by consulting with CSOs, social partners and the private sector; synchronise MIPs with partner countries' own cycles; achieve comprehensiveness and coherence with broader policies, strategies and joint programming processes; concentrate in a few sectors (ideally three); ensure flexibility and responsiveness to sudden crises; and consider blending opportunities with other official and private sources (European External Action Service, 2012).

As noted by the Peer Review Team on the field visits, the variety of delivery modalities and the mix of instruments is allowing EU delegations to focus strategically on partner countries' priorities, needs, and capacities. At the same time, the EU should ensure that combining strategic and programming documents - such as the Joint Programming Documents with other EU bilateral programming documents - continue to cover context diagnosis, strategic prioritisation and results that are currently covered by EU country strategies, which are being phased out since 2014 in countries where the national development plan is deemed to provide a suitable programming basis.

These approaches are translating into tailored programming choices that encourage ownership and inclusiveness, as was demonstrated in Mali and Bolivia where the partner governments and non-state actors alike praised the EU's partnering approach. Recent estimates indicate that most new individual programmes and projects (73.5%). aim at objectives targeted by partner countries. These interventions tend to be designed to target results indicators also prioritised by partner countries (74.1%). Furthermore, partner governments are actively engaged in jointly assessing the results. This direction is particularly important as countries continue to incorporate SDG results indicators into their country results frameworks (OECD/UNDP, 2016: 154-155).[18]

Recent surveys of leaders in partner countries confirm that the EU ranks high in terms of helpfulness and influence, which is linked to good country alignment, comprehensiveness of support, and the mix and flexibility of available instruments in EU delegations (Custer et al., 2018). Nonetheless, the EU should continue its on-going effort to review, refine and scale up triangular co-operation. This can be done by adapting its programme to further support partner countries in accessing relevant knowledge and policy advice in particular their weak areas of the SDGs (European Commission, 2018a).

The EU plays a strong and valued leadership role in donor co-ordination mechanisms and through the growing use of programme-based approaches, joint programming and delegated co-operation (Council of the European Union, 2017). It invests in enhancing country-level transparency of European development co-operation, chiefly through greater visibility of joint programming exercises, as well as support to mutual accountability frameworks including open aid management platforms such as IATI (European Commission, 2016).[19] While promising, these efforts need to be sustained, scaled up and mainstreamed across countries for significant impact.

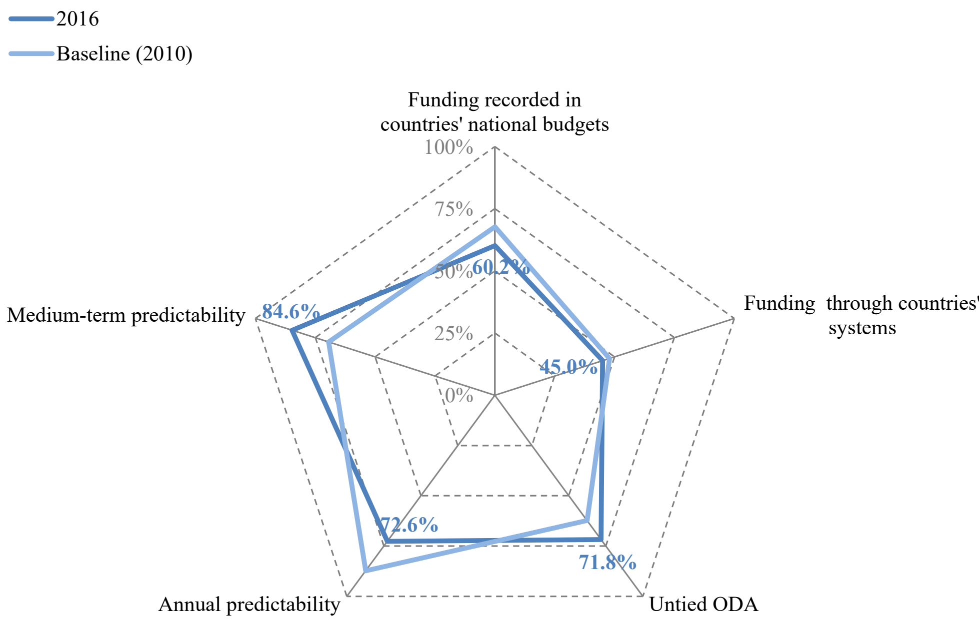
To make mutual accountability work on the ground for the 2030 Agenda and the Sustainable Development Goals (SDGs), the EU and its member states could strengthen: the development of results frameworks based on SDGs; coherence of joint programming with country-led frameworks; and support to country leadership, inclusiveness and transparency in donor co-ordination arrangements. In particular, where relevant, the EU could also consider working further with countries and emerging Southern providers, including China, in devising more inclusive arrangements.

The EU continues to champion the development effectiveness agenda, but further progress will require substantive policy change

The EU has adopted a co-ordinating and leadership role in promoting the development effectiveness agenda among its member states and at the global level. This is illustrated by a range of factors. Among these are: transitioning the EU's paradigm from aid effectiveness to development effectiveness;[20] adapting the norms of European development policies to be in line with the effectiveness principles;[21] representing member states in the governance of the Global Partnership for Effective Development Co-operation; strengthening the use of partner countries' systems and institutions (EU 2016b: 37-45); and implementing effectiveness commitments, including through specific innovative efforts in four partner countries.[22] Furthermore, the significant use of budget support (Box 5.1) illustrates its ongoing commitment to implement this agenda, as does the inclusion of relevant indicators as part of the annual reporting to assess the performance of EU delegations.

At the same time, while, as discussed earlier, the EU has made progress since 2010 in untying ODA and in increasing the availability of medium-term expenditure plans, results are mixed in terms of other Busan commitments, such as strengthening country ownership (OECD-UNDP, 2016) (Figure 5.2). For example, no progress is seen in increasing the share of EU funds that are channelled through partner country systems, due to restrictions in EU regulations on their use beyond budget support modalities. Indeed, while still above the DAC average, the EU's bilateral ODA programmed with partner countries fell to 52% in 2016 from 74% in 2010, with a 65% concentration on project-type interventions. This indicates that these restrictions are greatly reducing the share of total EU bilateral co-operation to be channelled through partner country systems (OECD, 2018: 63). Given the ownership and efficiency that can potentially be enhanced by increasing the use of partner country systems, the EU may consider whether risk assessment and management approaches similar to those used in delivering budget support could be transposed to project-type interventions.

Figure 5.2. Mixed progress towards country ownership of development co-operation

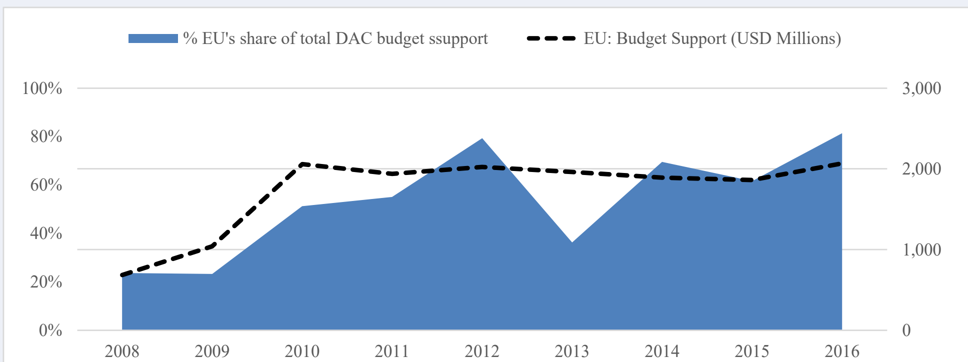


Source: Adapted from OECD (2018). Development Co-operation Report 2018: Joining Forces To Leave No One Behind. "EU Institutions" profile.

Box 5.1. EU's strategic use of budget support in an increasingly risky world

While most DAC members have reduced their use of budget support, the EU's use of this modality has remained steady during 2012-16, representing on average 12.2% of ODA disbursements, amounting to USD 9.8 billion in 99 partner countries (Figure 5.3). Budget support is one of the modalities that contribute the most to development co-operation effectiveness, given its significant alignment with partner country priorities, efficient delivery through partner countries´ own systems and programme-based approach.

Figure 5.3. The EU has become the largest provider of non-reimbursable budget support in the DAC



Source: OECD Creditor Reporting System, accessed 17 July 2018.

The EU provides budget support "when relevant and credible policies are put in place and implemented effectively" (European Commission, 2018c) to create positive incentives for maintaining and furthering these public policies. A recent review found that, in general, EU budget support allocations are responsive to positive trends and results in the targeted policy areas, denoting its strategic use to nudge partner governments into continuing effective reforms (European Commission, 2018d).

Acknowledging that policy relevance and credibility may mean different things in various country contexts, the EU offers distinct budget support modalities tailored to different risk settings.[23] In Mali, a conflict-afflicted country, the *State Building Contracts* enabled a context-sensitive design through strengthening the security-development nexus by encouraging policy reforms that contribute to better development, governance and security outcomes. In Bolivia, a middle income country, the combination of budget support and technical co-operation allowed the EU to work on politically sensitive issues by pooling expertise and funding of other providers as well as carrying out monitoring of results through a third party.

The EU supports these context-adapted approaches with thorough guidelines and quality assurance processes that contribute to: sound risk assessment and management frameworks; sector-wide approaches; balanced programme design; and orientation to results (European Commission, 2017b). The EU also emphasises the importance of and continuously support the strengthening of public financial management systems in partner countries (Council of the European Union, 2016: 45-46).

In 2012, the EU set in place a strengthened governance structure for budget support management - including by establishing a *Budget Support Steering Committee* - which allows: providing strategic guidance to the design and implementation of operations;

enhancing political coherence in the dialogue with partner countries; ensuring a consistent policy across countries and regions; increasing the focus on results; and strengthening risk management and mitigation mechanisms. At the same time, albeit comprehensive and clear, current guidelines may not be sufficient to help set the right level of ambition in the actions and intended results related to budget support.[24] The EU's decision to regularly evaluate individual budget support programmes should also generate lessons to help improve current approaches to assess risks, sustainability and results of these programmes.

Notes

[1] The proposal addresses some of the recommendations to enhance the strategic coherence, financial sufficiency and responsiveness of the current instruments emanating from the mid-term evaluation.

[2] For an overview of the EU's strategic priorities and approach to promoting civil society, see https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM%3A2012%3A0492%3AFIN%3AEN%3APDF. Additionally, as of June 2018, the Commission and member states have elaborated 105 Roadmaps for engagement with civil society. For more information on Roadmaps, see https://ec.europa.eu/europeaid/eu-country-roadmaps-engagement-civil-society_en.

[3] The references describes the EU's progress in setting up country roadmaps for CSO engagement, as part of the operationalisation of its more inclusive and strategic partnering approach for the period.

[4] The 2014 Commission communication, which provided a renewed guiding framework, drew on lessons from a 2013 evaluation and subsequent public consultations. The 2013 evaluation is at https://ec.europa.eu/europeaid/sites/devco/files/evaluation-private-sector-main-report_vol1_en_0.pdf.

[5] Data from the OECD Creditor Reporting System (accessed 16 July 2018).

[6] The source is the OECD Creditor Reporting System database (accessed 16 July 2018).

[7] For a comparative analysis of instruments, see https://library.concordeurope.org/record/1659/files/DEEEP-GUIDE-2016-001.pdf.

[8] The Principles were agreed at the Open Forum for CSO Development Effectiveness. See https://concordeurope.org/wp-content/uploads/2012/09/DEEEP-BOOK-2014-510.pdf?56c6d0&56c6d0.

[9] See paragraph 90 of the new European Consensus on Development at https://ec.europa.eu/europeaid/sites/devco/files/european-consensus-on-development-final-20170626_en.pdf.

[10] The 2018 management plan report for DG, DEVCO noted that since 2015 it is strengthening "its strategic policy dialogue and cooperation with International Financial Institutions (IFIs) including the strategic participation of the Commission and promotion of EU objectives in fora and Trust Funds with IFIs". See https://ec.europa.eu/info/sites/info/files/management-plan-devco-2018_en.pdf. For 2018, DEVCO has targeted launching structured consultations and joint analyses with the World Bank, establishing a strategic partnership framework with the IMF, participating in the Annual Meetings' dialogues, establishing an open dialogue with other regional development banks, and promoting EU objectives and participation in IFI-led fora and trust funds.

[11] In 2016, three-year forward spending plans for the EU covered 84.6% of the forecasting needs of 81 partner countries participating in the Global Partnership monitoring round, a sharp improvement from 69.4% in 2014 (OECD/UNDP, 2016).

[12] At the moment, there are 25 Joint Programming Documents (joint strategies) of which 3 are in the process of approval and 2 have expired (Namibia and Myanmar).

[13] This estimate is as of July 2018. See the Joint Programming Tracker for updated information at https://jptracker.capacity4dev.eu/. Four non-EU partners also have participated in joint programming: Switzerland (22 countries), Norway (9), Canada (2) and the United States (1).

[14] For information on the EU Aid Explorer, see https://euaidexplorer.jrc.ec.europa.eu/.

[15] Overall, 94.1% of the 223 EU programmes and projects approved in 2015 planned to engage partner countries in defining the scope of the final evaluation and/or in implementing it. For further information, see page 155 of https://doi.org/10.1787/9789264266261-en.

[16] The European Parliament and external stakeholders have pointed out that flexibility and speed of instruments such as the EU Emergency Trust Fund for Africa should be coupled with greater transparency on the use and results of these instruments. See, for example, http://www.publishwhatyoufund.org/reports/2018-EU-Brief.pdf.

[17] See, for example, http://www.eurodad.org/ODA-recommendations-ahead-of-MFF.

[18] The results are reported by 64 partner countries in liaison with EU Delegations on EU practices in designing, monitoring and evaluating 223 new interventions that are valued at USD 3.19 billion, and were approved in 2015.

[19] Illustrative examples of EU-supported efforts at country level include Myanmar's aid information management system, Laos' joint programming and Afghanistan's mutual accountability framework. For more details, see https://ec.europa.eu/europeaid/sites/devco/files/effective-development-cooperation-case-studies-1-7-20161115_en.pdf.

[20] This transition is exemplified by the EU's current approach to engage with non-state stakeholders in programming and policy dialogue, the support offered towards an enabling environment for private sector and civil society in partner countries, the renewed emphasis and support to partner countries' efforts in domestic revenue mobilisation, and the adoption of integrated approaches to development finance (beyond aid).

[21] The EU and member states played a fundamental role in reflecting the effectiveness agenda as a core element of the 2015 Addis Ababa Action Agenda (para 58), the 2016 Nairobi Outcome document and the 2017 European Consensus on Development (section 4.3).

[22] For more information, see GPEDC (2018), "Enhancing Effective Co-operation at Country Level: Ten Pilot Countries": http://effectivecooperation.org/2018/02/.

[23] Three different budget support programmes are available for low-risk to high-risk settings: Sustainable Development Goals contracts, which replace general budget support; sector reform performance contracts, focused on service delivery improvements; and state and resilience building contracts, provided in fragile contexts committed to democratic practices and also taking into account the risk of inaction.

[24] A common tension in budget support programmes is over mitigating the incentives for adjusting results reporting that arise from pressure to disburse successive tranches of the programme. In setting the right level of ambition in the design of budget support programme, a recent EU review (European Commission, 2018d) offers recommendations on how to balance tensions between depth of triggers and staff/partner country pressure to disburse successive variable tranches. The EU produced some guidance on how to involve third parties in policy dialogue and budget support management in 2014 (see https://myintracomm.ec.europa.eu/dg/devco/eu-development-policy/budget-support-public-finance-management/Documents/Reference_doc%2018%20Promoting%20Civil%20society%20participation%20in%20policy%20and%20budget%20processes.pdf). Linking results reporting to third party monitoring creates incentives for actual performance, as evidenced in the EU-funded programme in Bolivia to combat illegal drug trafficking.

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Chapter 6. The European Union's results, evaluation and learning

Management for development results

Peer review indicator: A results-based management system is being applied

The European Union has made significant progress in establishing comprehensive results-based management frameworks. At the same time, the systems could be consolidated and harmonised across the different European Union institutions as well as making better use of the results information for learning, programming, and strategic planning.

A new comprehensive management framework for development results

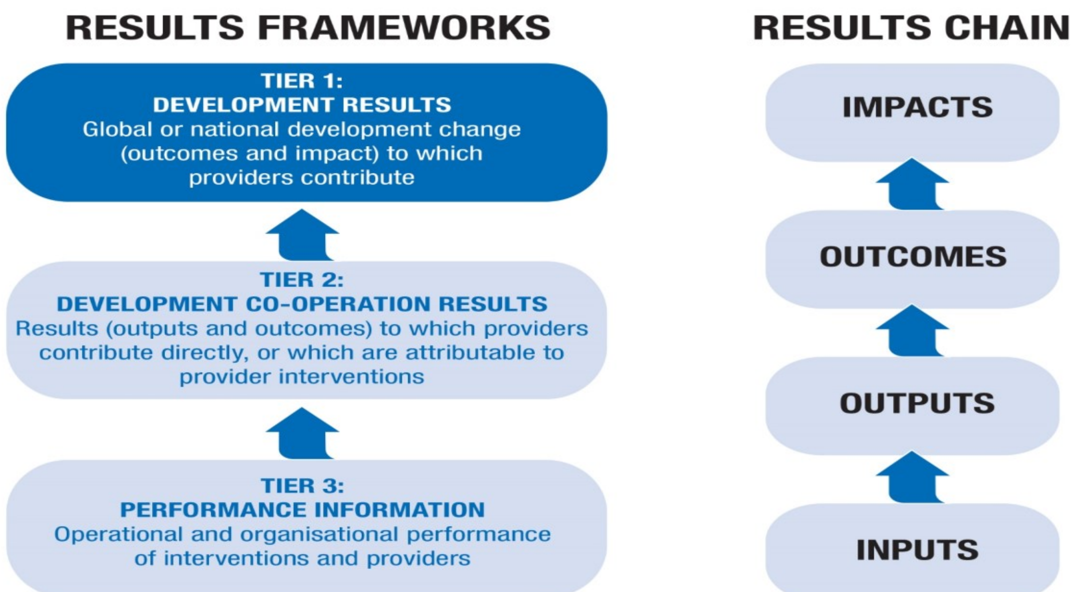
Over the past three years, the European Union (EU) has introduced a comprehensive approach to management systems for development results, including though providing strong support for developing country partners to collect better statistics. Furthermore, in 2017, the new European Consensus on Development (Council of the European Union, 2017) committed EU actors and member states to align results frameworks to the 2030 Agenda for Sustainable Development, prioritising use of country-based results frameworks and Sustainable Development Goal (SDG) indicators.

The 2012 DAC peer review encouraged the EU to increase its attention to results, particularly by ensuring a focus on impact and using the information to learn lessons for improved performance over and above financial accountability. In this context, and as part of the implementation of its Agenda for Change (European Commission, 2011), the EU reformed its approach to results by introducing a new results framework to improve monitoring and reporting, as well as to enhance accountability, transparency and visibility of the EU's development co-operation.

The International Cooperation and Development Results Framework (EURF) was first introduced by the Directorate-General for International Cooperation and Development (DG DEVCO) in 2015, then adopted by Directorate-General for European Neighbourhood Policy and Enlargement Negotiations (DG NEAR) for the EU's neighbourhood countries. The Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG ECHO) is currently developing its own results framework that will give an overview of its achievements and internal processes in the context of humanitarian needs and risks on global, regional and country levels.

The EURF is articulated around three levels, in line with the results frameworks of the World Bank and some other bilateral and multilateral partners, as shown in Figure 6.1. Within this system, Level 1 comprises development outcomes/impact on SDGs in partner countries, such as prevalence of stunting, to which EU and other stakeholders contribute. Level 2 covers outputs and direct outcomes from EU-financed interventions (such as the number of kilometres of transmission lines), with identification of indicators based on partner country criteria and, where possible, on indicators used by other donors and that should also be linked to the SDGs.[1] Level 3 is organisational performance related to EU operational processes (such as the percentage of invoices paid within 30 days). To facilitate results reporting for EURF at headquarters and in the field, including by partners, the Commission has established a new online operational information system, OPSYS. In addition, to assist EU delegations to focus on results management, the Commission continues to contract experts for the Results-Oriented Monitoring (ROM) system, which provides troubleshooting, assistance for input provision, monitoring of outputs and outcomes, and training in results-based management, among other activities.

Figure 6.1. Results framework tiers and results chain



Source: DAC Secretariat.

The European Investment Bank (EIB) manages development results based on the 2012 results measurement (ReM) framework, which is harmonised with other multilateral development banks. The framework covers three pillars. The first is consistency with the EIB's mandate and contributions to EU development priorities and partner countries' development objectives. The second involves results of EIB interventions that contribute to the SDGs and indicators agreed with partner countries (e.g. the number of jobs created). The third is financial additionality in filling the local market gap, which can be provided through a financial contribution that is assessed in comparison with commercial alternatives, for example.

In terms of process, during project appraisal, the EIB sets targets for expected outputs and outcomes based on baselines. During the period of implementation, projects are rated according to the above three pillars. Upon project completion, performance is reviewed immediately and again three years later (EIB, 2017). Various themes such as gender consideration are also incorporated into the results framework. It would be useful for the EIB to discuss and share its work on development results with broader communities of practice that are considering how to improve assessment tools to measure the development impact of blended finance and other related initiatives.

Regarding strengthening countries' own capacity to manage results through better statistics, the EU takes a leading role among donors. On aid for statistics, the Commission is the second biggest provider among DAC members, as well as the largest donor to small island developing states and to fragile states for such aid. In collaboration with Eurostat, it provides various types of support for statistics: national or regional statistical systems (e.g. EU-ASEAN Capacity Building Project); large-scale operations such as a population census; and sector statistics in education, health, and others (PARIS21, 2017).

The Commission's budget support has a different results framework

The EU's budget support programmes represent another results and performance-related system in that funds are disbursed only when agreed targets, which are aligned with partner countries' policy priorities, are met. For general budget support, indicators generally relate to macroeconomic management (e.g. government gross debt as a percentage of GDP), domestic resource mobilisation (e.g. revenue as a share of GDP), public financial management (e.g. the Open Budget Index) and poverty reduction (e.g. a headcount of poor people).

Results for sector budget support are more specifically related to the particular area involved. For example, three sectoral budget support programmes in Bolivia focus on water and sanitation, agriculture, and anti-narcotics, with indicators aligned with the related national priorities and SDGs. Examples of such indicators include the percentage of the population connected to sewage systems (which relates to SDG 6.2); national coverage of comprehensive and free justice services (SDG 16.3); and quantity of seized drugs (SDG 16.4). In some cases, some of the indicators agreed with the government included easily deliverable outputs rather than outcomes, in order to release the funds (Annex D). Following each disbursement for budget support, the EU delegation prepares a brief report for submission to headquarters in order to assess the results achieved and to draw lessons for future contracts. As these results are tailored to specific countries, however, they are not part of the EU International Cooperation and Development Results Framework (EURF) and are not recorded in OPSYS. Therefore, it is not clear how the results of the budget support programmes are aggregated at headquarters and used for learning and policy making.

Building on progress, further consolidation and harmonisation of the results framework could be pursued across the EU actors

At country level, EU actors have made significant progress on results management in recent years, establishing adequate results frameworks that facilitate target setting and providing incentives to achieve goals based on the SDGs and country priorities. In doing so, the EU has addressed the 2012 peer review recommendation to link objectives of activities with country strategies and to make monitoring regular and helpful to delegations. Furthermore, the data collected via OPSYS throughout the world will be used for the results management and evaluation functions at centralised and decentralised levels.

At the corporate level, however, it is not obvious how all the information collected at headquarters (particularly for Level 2 and EIB results) contributes either to defining overall results and trends or to drawing out common factors in success or failure - a disconnect that was also observed in the 2012 peer review. In particular, while there is no claim of attribution in achieving Level 1 outcomes, the basis for judging whether Level 2 outputs are satisfactory or not at the corporate level is unclear. Furthermore, due to the lack of benchmarks, it is difficult to determine value for money and to translate results into substantive policy making.

Therefore, aside from reporting for accountability and communication purposes, the EU could make better use of its results information for learning, programming and strategic planning. In this context, the EU actors could possibly learn from the experience of multilateral development banks and other DAC members in order to explore establishing a system to better utilise the results information gathered (OECD, 2017).

Moreover, there is scope to harmonise indicators and further consolidate reports to increase coherence and reduce the administrative burden.[2] In other words, the EU would be well-served by a comprehensive approach to results-based management - and this applies to the various instruments used by DG DEVCO, DG NEAR, DG ECHO, the EIB and others engaged in development co-operation, particularly as they often work in the same partner countries, themes and sectors. At the same time, to guard against too rigid an approach, the EU could look to ensure that template-based approaches to results-based management have scope for flexibility and adaptability particularly in fragile contexts. In refining the architecture of its corporate results framework, the EU could consider articulating a stronger narrative and analysis of the contribution of the EU's results to country level outcomes which are aligned to the SDGs (OECD, 2017).

Evaluation system

Peer review indicator: The evaluation system is in line with the DAC evaluation principles

The European Union is refining its system for evaluation, which uses the DAC's criteria, by establishing new guidelines, increasing joint evaluations and maximising usefulness. At the same time, the trade-offs of carrying out a participatory approach versus maintaining independence of evaluation results could be discussed further.

The Commission has new guidelines on evaluation but could further explore trade-offs in more independence versus buy-in

In 2013, the Commission established the principle of "evaluate first" for its overall evaluation system including for development co-operation (European Commission, 2013). This was refined in 2014 and summed up as "evaluation matters" in a set of overall principles governing the evaluation of the EU's development co-operation (European External Action Service, 2014). The following year, the Better Regulation package spelled out guidelines on providing evidence for decision making.[3] Based on these directives, the DG DEVCO and DG NEAR carry out evaluations - at two levels: centralised strategic evaluations by headquarters and decentralised evaluations by delegations. These use the DAC criteria of relevance, effectiveness, efficiency, impact and sustainability.

The centralised evaluations follow a five-year rolling programme that covers geographic evaluations of four to five countries or regions per year and thematic evaluations on topics such as resilience, conflict prevention, migration and governance. Geographic evaluations are selected based on financial coverage, regularity and regional distribution, with special attention to fragility-affected and conflict-affected countries. The choice of thematic evaluations is based on wide internal consultations with thematic and policy directorates. However, the bulk of evaluations are decentralised and carried out by delegations or operational units. They cover small projects to large facilities; projects above EUR 5 million and at least 50% of a multiannual programme of the country or unit must be included. The provisions for these decentralised evaluation are included in the costs of the programmes and projects. Until recently, the results of these evaluations generally stayed at the delegations but they are now uploaded on to the EVAL Module IT repository system[4] to be shared with headquarters and other delegations. Nonetheless, how these decentralised evaluations are used for learning and future programming is unclear.

The respective evaluation units of DG DEVCO and DG NEAR are responsible for steering the evaluations. This includes co-ordinating among member states and particularly, as the 2012 peer review noted, to promote joint evaluations for joint programming. Evaluations, which generally use the information collected on results, are contracted out to independent consultants who have framework agreements through public procurement at headquarters or delegations. To carry out the tasks, DG DEVCO has seven evaluation managers in the evaluation unit and a budget of roughly EUR 3.6 million a year, while DG NEAR has four evaluation managers and a budget of roughly EUR 2.0 million a year.

To help operational managers to prepare, carry out and disseminate evaluations, the Evaluation Correspondents' Network was set up in 2013, which is composed of about 120 staff designated across DEVCO services and delegations. A similar network has been created by DG NEAR in 2015, including about 50 staff at headquarters and in EU delegations.

In DG DEVCO, when evaluations are finalised, they are submitted to the Inter-Service Group for comments, the heads of the evaluation units for approval and the relevant Commissioner for no-objection. The recommendations are made to the thematic services, which then express agreement, partial agreement or disagreement and propose actions to be taken by management. These actions are followed up one year later, with reporting to the Director General (EEAS, 2014).

In DG NEAR the final evaluation reports are validated by the relevant Inter-Service Group. For each evaluation a Follow-up Action Plan is drafted including the list of recommendations, which can be accepted, partially accepted or rejected, with foreseen actions to be implemented by Commission services. The Follow-up Action Plan is approved by the Director General of DG NEAR before publication on the NEAR's public web-site, with implementation to be followed up one year later.

The EIB's Operations Evaluation Department carries out independent evaluations of the Bank's activities, mainly at a thematic level or the geographical level (usually by region or subregion). The evaluation criteria follow principles defined by the DAC Evaluation Network and adopted by the Evaluation Co-operation Group [5] of the multilateral development banks, with a focus on operational performance, accountability and transparency. The evaluation reports are approved by the EIB Board of Directors rather than Bank management, which guarantees the independence of the evaluations (EIB, 2015).

The 2012 DAC peer review raised concerns about the independence of the evaluations of the Commission because they were not being submitted directly to senior management. The Commission has since adopted a more participatory approach, involving staff in the needs assessment of evaluations, the development of terms of reference, as well as discussing the recommendations in order to maximise the value and buy-in of evaluations.

While no formal incentives are in place, staff are also encouraged to use evaluation findings to improve programming. In addition, the timing of evaluations is adjusted to feed into the development of country strategies and to reinforce course correction and decision making during ongoing projects.

Given that a number of other DAC members such as Sweden and the United States also embrace a participatory approach to evaluation, an exchange of experience could help stimulate further progress in this area. This is particularly so regarding learning around the trade-offs involved in opting for more independent evaluations versus the benefits of increasing buy-in among operational staff. For example, some donors have developed hybrid models ensuring no conflict of interest or requiring external evaluators to limit bias and increase potential for learning from evaluations.

Institutional learning

Peer review indicator: Evaluations and appropriate knowledge management systems are used as management tools

The European Union is using evaluations as a basis for learning. It also has various tools and platforms for knowledge sharing. However, more effort is needed to overcome fragmentation among European Union institutions and to influence policies.

Knowledge sharing mechanisms have multiplied, but there is limited evidence of how learning is used

The DAC's 2012 review found that the EU's evaluation findings were used in a limited manner and with minimal sharing of results. As a result, the EU has increased evaluation dissemination efforts by encouraging evaluation managers to ensure good knowledge translation (i.e. interpreting and distilling the outcomes of the evaluation in a way tailored to specific user audiences) and by increasing co-ordination between DG DEVCO and the European External Action Service (EEAS) to improve the uptake of evaluation results.

For each evaluation, the responsible evaluation manager now systematically prepares a plan for communication and follow-up. Key operational staff are closely involved with the process, based on the logic that they are best placed to ensure recommendations are able to be implemented. The communication plan covers the audience (key users and stakeholders); channels (i.e. e-mails, various platforms, social media, and seminars); and reporting formats (i.e. summary, management brief, video, etc.). To promote awareness of the conclusions, public seminars also are held systematically in Brussels, with representatives of the European Parliament and member states (through the Council) always invited, and in partner countries.

Aside from learning from evaluations, DG DEVCO adopted its first Learning and Knowledge Development Strategy for 2014-20 and an action plan in 2014. Topics covered include alignment with the SDGs, organisational processes and IT applications, which are offered through online or group courses tailored to particular target audiences. The strategy and the plan also introduce a number of platforms such as the Evaluation Network Group, Learn4dev, Cap4dev, DEVCO Academy, European Expert Network on International

Cooperation and Development and the Network on Knowledge Management Correspondence.

Staff in the field who are dealing with day-to-day operational challenges may not necessarily use these platforms, however. For example, staff in the field preferred and appreciated the seminar-based learning opportunities on specific topics in Brussels to share relevant knowledge among delegations. In this respect, the Commission is encouraged to gather feedback from the field on the most time-efficient and effective ways of learning and knowledge sharing.

More effort is needed to influence policies, overcome fragmentation of learning and communicate to the public

Directorates and institutions apart from DG DEVCO have their own systems for sharing knowledge and lessons learned, although with different levels of comprehensiveness and visibility. DG ECHO has an active system for knowledge management with a dedicated partners' website that provides links to various training sessions and distance learning tools for non-governmental organisations (NGOs).[6] Its Civil Protection Mechanism also offers a comprehensive training programme and an exchange platform for European experts to learn about the different national systems for emergency intervention and civil protection as well as how to improve co-ordination and assessment in disaster response.

Other directorates such as DG NEAR disseminate reports on monitoring and evaluation for internal learning by organising results seminars and thematic discussions. The European Investment Bank shares lessons learned from evaluations and offers staff and researchers training, online courses, podcasts and studies. However, both DG NEAR and the EIB have yet to develop a clear strategy or framework for knowledge sharing and institutional learning in development co-operation.

In general, DG DEVCO in particular has made an effort to promote knowledge management and learning, with lessons used to inform policies and programmes at the field level. But there may be more emphasis on learning about operational procedures than about factors that contribute to outcomes and impact. In addition, it is not evident how lessons from projects and evaluations at decentralised levels are systematically aggregated to inform staff across the organisation and impart common successes and challenges to policy makers. Finally, learning is still fragmented across different directorates and lacks an institutional, whole-of-EU approach. Improvements could thus be made in analysing impact, influencing policies and consolidating learning across EU actors.

Communication to tailor messages from the results framework and evaluations to policy makers and the public could also be enhanced, as already noted in the 2012 peer review. In particular, while evaluations of DG DEVCO are uploaded on the EVAL Module IT repository system for internal use, they are not yet accessible to the public. A more open knowledge management culture that involves communicating to the public could be considered. Overall, in order to enhance coherence, communication, accountability and transparency, the EU could consider how it might communicate its development co-operation as a whole, including through the efforts of EIB and other relevant parts of the EU's development co-operation system.

Notes

[1] Implementing partners now have contractual requirements to monitor and report on these results based on the framework.

[2] The EU publishes several reports on results management each year: Annual Report on the Implementation of the EU's Instrument for Financing External Actions, which since 2017 has incorporated results based on EURF; a joint annual report on budget support by DG DEVCO and NEAR to provide an overview of budget support operations; Annual Report on the European Union's humanitarian aid policies and implementation by DG ECHO; respective Annual Activity Report by DG DEVCO, DG NEAR and DG ECHO which details corporate achievements, management and the financial and human resource performance; Annual Report on results of EIB operations outside the EU based on the Bank's ReM framework; and External Assistance Management Reports (EAMRs) and its Key Performance Indicators (KPIs) produced by each EU Delegation annually which provides a snapshot of the situation of EU development cooperation projects.

[3] The Better Regulation agenda is described at http://europa.eu/rapid/press-release_IP-15-4988_en.htm.

[4] See https://ec.europa.eu/europeaid/project-and-programme-evaluations_en.

[5] See https://www.ecgnet.org/about-ecg.

[6] Distance training programmes are described at http://dgecho-partners-helpdesk.eu/dl/start.

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Chapter 7. The European Union's humanitarian assistance

Strategic framework

Peer review indicator: Clear political directives and strategies for resilience, response and recovery

The European Union has been able to respond to an increased number of complex crises in a pragmatic and flexible way, adapting to both protracted and sudden crises. Based on solid policy leadership and thorough expertise, including in the field, the EU is shaping humanitarian policies and practice well beyond the EU actors *and member states. However, as with many DAC members, the EU's humanitarian instrument also deals with issues and root causes that could be better addressed with structural funds. DG DEVCO and EEAS could further draw on DG ECHO's mechanisms to improve the disbursement speed and flexibility of development instruments that can effectively deliver long-term solutions to drivers of crises rather than employing DG ECHO's humanitarian instrument over prolonged periods of time.*

The European Union is helping shape the global humanitarian agenda

In a review of the 2007 European Consensus on Humanitarian Aid ten years after its launch (Council of the European Union, 2007), the European Civil Protection and Humanitarian Aid Operations (DG ECHO) found that it still provides a relevant framework for the EU's humanitarian response. There is thus no plan to formulate a new humanitarian consensus to accompany the new Consensus on Development (Council of the European Union, 2017). The EU's humanitarian aid is evolving with the changing nature of crises. As a result, and as a major donor that assesses the impact of its action and adapts its policies as needed, the EU's leading humanitarian role remains undisputed.

For example, DG ECHO for many years has been testing the use of unconditional cash transfers in humanitarian settings. It has also been supporting research and pilot projects to ultimately help develop a dedicated policy and set of principles to guide new work (European Commission, 2015a, 2013a). Due to DG ECHO's policy clout, cash-based response is thus becoming a standard delivery modality in humanitarian response. A similar policy campaign started when the EU launched an initiative to fund education in emergencies that led to it becoming a fully accepted humanitarian sector at a time when most donors (including the EU) had long been reluctant to engage in education interventions during emergency responses. In this respect, DG ECHO's co-chairmanship of the Good Humanitarian Donorship group in 2018-19 represents an opportunity to consolidate the EU's leadership in the sector, while also assisting other humanitarian donors to adapt their policies to changing crisis contexts (GHD, 2018).

Coherence between humanitarian and development aid is work in progress

Since the 2012 DAC peer review, DG ECHO has entered many crises but has been able to exit a few of them. The duration and complex nature of humanitarian crises today represents one of the EU's main challenges, calling for a new way to programme long-term support to affected populations. In this context, the resilience agenda (European Commission, 2017a, 2013b) is used as the overarching framework to foster coherence between humanitarian aid and development co-operation. Furthermore, interaction among DG ECHO, the Directorate-General for International Cooperation and Development (DG DEVCO) and the European External Action Service (EEAS) is now standard practice. The EU strives in a pragmatic way to design complementary programmes, as the Peer Review Team saw in Mali (Annex D). In the field, however, more could be done if DG DEVCO had swifter mechanisms in place to implement programmes addressing drivers of crises in rapidly changing circumstances.

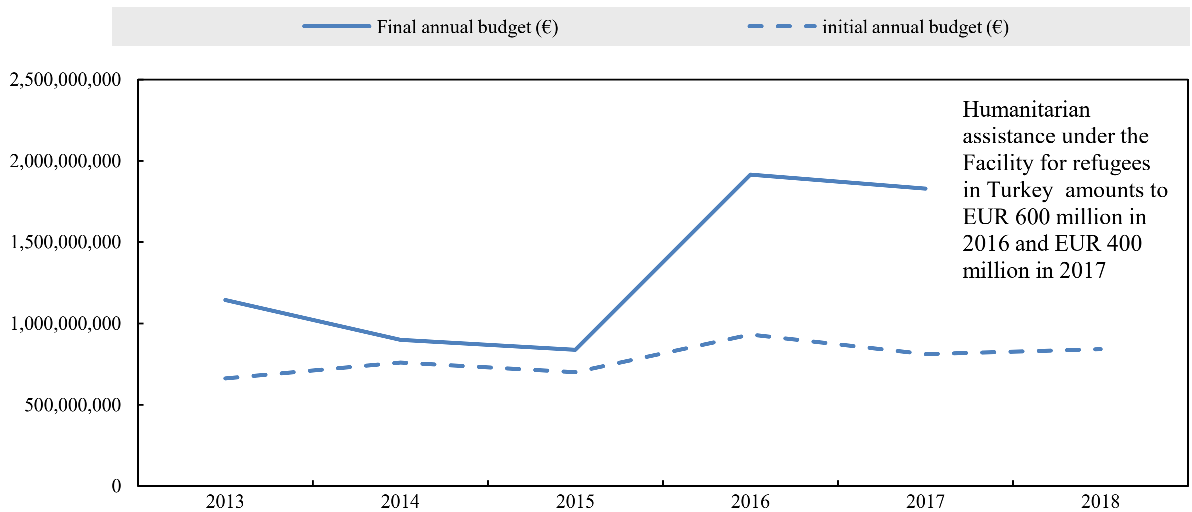
In many protracted crisis situations, the difference between humanitarian aid and development aid is not about the nature of the activities but rather the source of their financing. In this context, DG ECHO sometimes supports basic service delivery that technically could be financed with development funds. As a consequence, it can artificially prolong the humanitarian nature of assistance and prevent partners in the field who have both development and emergency expertise from shifting earlier to long-term programming. DG DEVCO can provide early support to complement humanitarian interventions, as seen already in some countries, such as Afghanistan. Those are good practices that could become more systematic.[1]

The EU Global Strategy and its integrated approach to conflicts and crises make explicit the link among humanitarian, development, migration, trade, investment, infrastructure, education, health and research policies (European External Action Service, 2016). In this context, the European Agenda on Migration suggests that humanitarian aid is one of the tools to address root causes of migration in reducing the incentive for migration (European Commission, 2015b). This implies that short-term solutions such as humanitarian aid have an impact on the root causes of crises and inequalities, although evidence does not support this (OECD, 2017). In fact, in certain circumstances, prolonged humanitarian aid can delay political engagement and the deployment of long-term development co-operation to address root causes. Overall, it is clear across the European Union's policy documents that humanitarian aid is a crisis response instrument, with a purpose to complement - not replace - actions addressing key drivers of crisis.

The EU's humanitarian budget is on the rise

Since more is required from DG ECHO, its overall budget is growing and draws on a diverse array of budgetary sources. DG ECHO operates from an annual budget adopted at the end of the previous year. As humanitarian needs frequently exceed initial annual budgetary allocations, DG ECHO has access to significant levels of extra resources (Figure 7.1). In addition to its own operational reserve, which is around 15% of its initial annual budget, it draws additional resources from the off-budget EU Emergency Aid Reserve upon approval of EU budget authorities. The European Development Fund (EDF)[2] and external assigned revenues[3] also regularly supplement the DG ECHO budget. On the other hand, despite the escalation in humanitarian crises since the 2012 review, particularly in the Middle East, DG ECHO's structures have not significantly expanded over this period. This reflects sound management that will allow it to cope with a possible reduction in budget when the humanitarian needs created by the Syria crisis wanes.

Figure 7.1. DG ECHO annual budget evolution (Euros)



Note: As of June 2018, DG ECHO had not received additional funds for 2018.
Source: *ECHO financing decisions database*, http://ec.europa.eu/echo/funding-evaluations/funding-decisions-hips_en.

Effective programme design

Peer review indicator: Programmes target the highest risk to life and livelihood

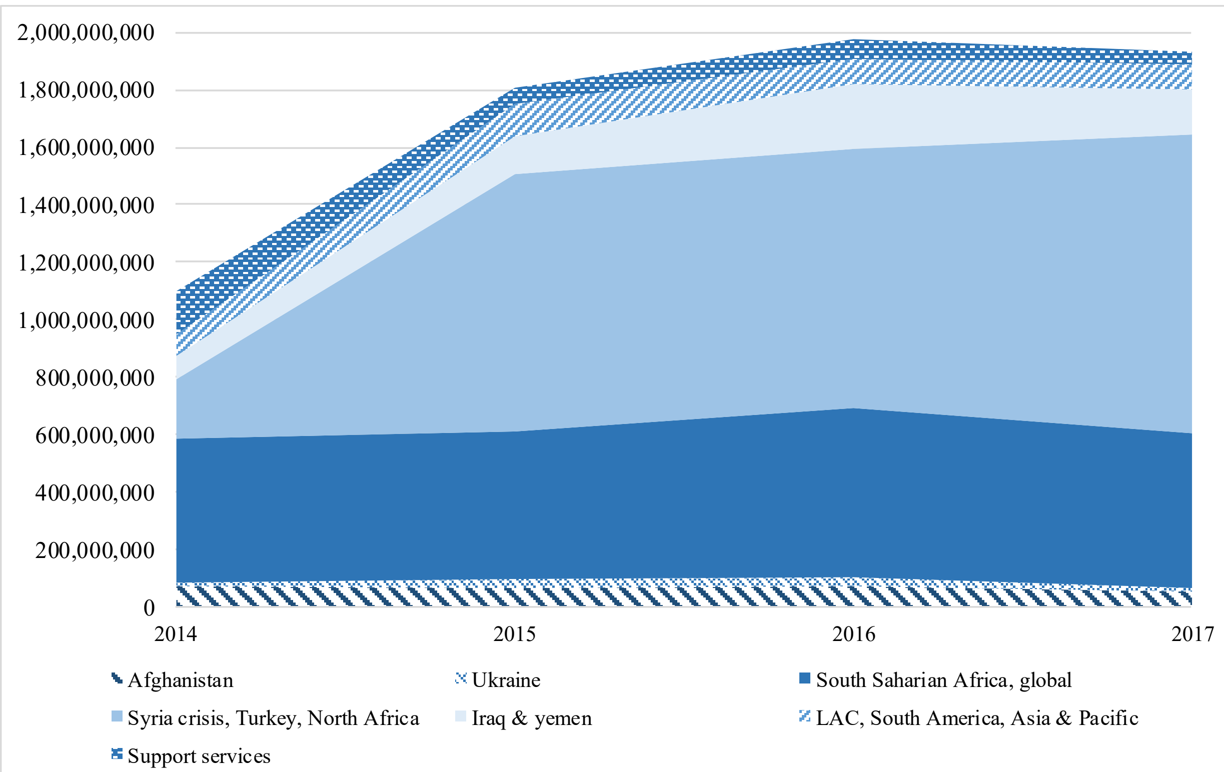
Within the framework of European Union's political priorities, DG ECHO allocates funds based on assessed needs. Coping with increased demands compels DG ECHO to pay attention to the cost effectiveness of its aid. The Grand Bargain agreement is seen as relevant to overall humanitarian aid efficiency, but operationalising this agreement remains challenging, especially in supporting local actors. In addition, the European Union can do more to deploy its long-term support instruments earlier in the crisis cycle to use development aid wherever possible and humanitarian aid only when necessary.

More crises than resources means making hard choices

Most donors spend proportionately more funds on some crises than on others due to political commitments or policy priorities. The EU is no exception. When needs exceed the available budget, determining which crises or theme should have priority is a political decision. Because of their magnitude and direct impact on EU countries, the Syria crises and related migration programmes now make up the largest share of DG ECHO's overall budget (Figure 7.2). Although most of these funds were drawn from additional budgetary resources, there are rising concerns in the humanitarian community over the perceived politicisation of humanitarian aid. DG ECHO distributes its global annual budget into Humanitarian Implementation Plans (HIPs) for specific crises or thematic instruments. Ultimately, DG ECHO's decisions on budget distribution are made through: careful consideration of political priorities; objective data and risk analysis, including through the INFORM initiative;[4] and the estimation of needs from operational teams. It is a system as close to needs-based as is possible for a large political organisation such as the EU. Preserving the right balance among these three main drivers is therefore critical, both for DG ECHO's credibility and for its ability to demonstrate impact in line with its mandate.

Once geographical and financial priorities are set, DG ECHO distributes humanitarian funds within each HIP. It designs its programmes based solely on evidence and needs analysis, drawing on integrated crisis profiles and field assessments. DG ECHO also dedicates around 15% of its budget to so-called forgotten crises that do not receive enough international aid or any at all.[5] This strengthens DG ECHO's global leading role in attracting attention to crises that do not receive media attention.

Figure 7.2. Evolution of DG ECHO allocations (Euros)



Source: *DG ECHO Financing Decisions (HIPs) website*, http://ec.europa.eu/echo/funding-evaluations/funding-decisions-hips_en.

While the Grand Bargain can help build a more efficient EU humanitarian system, challenges remain

As the EU humanitarian budget is limited, one of the main ways for DG ECHO to respond to growing humanitarian needs is to increase the cost effectiveness of its action. To that end, it is a consistent supporter of the Grand Bargain (Agenda for Humanity, 2016). The Grand Bargain's initial ten workstreams address critical areas of humanitarian programming, some of which (such as the use of cash-based responses) were already among DG ECHO's priorities.[6] However, while DG ECHO is driven by what works best to deliver aid within its limitations, not all the Grand Bargain commitments fit within those current limitations. For example, while DG ECHO acknowledges the relevance of multiannual humanitarian funding in protracted crises, it makes clear that blocking funds for more multiannual funding implies less capacity to fund new emergencies in a given financial year. In such contexts, implementing the Grand Bargain provides the EU with an opportunity to better define the roles and added value of both DG DEVCO and DG ECHO to support multiannual programmes. Localising aid also remains a challenge due to legislative constraints, restricting funding support to EU-based partners. However, DG ECHO supports local actors through its implementing partners, even on a large scale, as is the case with its support to the Turkish Red Crescent.

Effective delivery, partnerships and instruments

Peer review indicator: Delivery modalities and partnerships help deliver quality assistance

European Union's humanitarian aid is fit for purpose. Due to its diversified base of partners and its framework partnership agreements, DG ECHO can select the best partner to deliver aid in each context. DG ECHO manages both the European Union's rapid response mechanisms and humanitarian aid in increasingly complex crises. Challenges remain, however. Even if allocation of funds can be decided swiftly, the European Union still has difficulties in striking the right balance between accountability and flexibility. Administrative processes also remain a major concern for non-governmental organisations.

A recent evaluation confirms DG ECHO is performing well in delivering aid

A comprehensive evaluation of the EU's humanitarian aid between 2012 and 2016 (ICF, 2018a) examines all aspects of DG ECHO policies, programming, partnerships and results-based management, with positive findings overall and a range of relevant recommendations (Box 7.1).

Box 7.1. Comprehensive evaluation of European Union humanitarian aid 2012-16

The independent comprehensive evaluation of EU humanitarian aid looked at the effectiveness of DG ECHO during the 2012-16 period. The findings of this peer review mostly concur with its five recommendations:

- DG ECHO should implement a multiannual strategy and where possible, multiannual programming and funding.
- DG ECHO should review its partnership approach.
- DG ECHO should reinforce its approach towards sustainability through resilience and co-operation.
- The EU should communicate more proactively and explicitly the constraints associated with strategic programming and funding decisions to inform its staff, its framework partners and external stakeholders.
- DG ECHO should adapt its management and monitoring systems to make them more suitable to analyse the effectiveness and value for money of its actions.

Source: ICF, 2018a and 2018b.

EU civil protection is evolving to tackle bigger challenges

The European Union's Civil Protection Mechanism is a support competence, i.e. a system whereby the EU supports, co-ordinates and supplements the action of member states.[7] It is based on solidarity among participating states who can assist each other and third countries with assets and expertise. The system, consolidated over the years, works well, leading in 2013 to the creation of the Emergency Response Co-ordination Centre (ERCC), which co-ordinates the EU member states' response to disasters abroad. This has helped to create more complementarity between the two different cultures of civil protection and humanitarian aid when they intervene jointly and share assets in a disaster area. The EU emergency response system is adapting to new crises, as shown by the creation of the EU Medical Corps in the wake of the 2014 Ebola crisis in West Africa. However, the EU civil protection mechanism is reaching its limit as it deals with an increasing number of crises that are occurring simultaneously. To address these new challenges, the European Commission is proposing to create a new mechanism, known as rescEU,[8] which aims to bring extra capacity through an EU-managed reserve of civil protection assets. It is proposed that the new mechanism will focus more on disaster prevention and preparedness.[9]

DG ECHO's experience in managing partnerships in crises could benefit DG DEVCO

With the exception of its humanitarian air service, DG ECHO works through partners to implement its humanitarian aid. It has developed a dense and solid network of EU humanitarian NGOs operating through a framework partnership agreement (FPA) that is renewed regularly[10] (European Commission, 2014). Other specific frameworks regulate relations with the UN agencies and with other international organisations. Operating through a framework agreement allows humanitarian partners to clear the administrative steps of the contracting process only once for the FPA period and to focus on the operational requirement when a project is proposed for funding. For many humanitarian

NGOs, joining the DG ECHO's FPA is valued beyond the initial goal of accessing DG ECHO funds, as it enhances their credibility to other donors. If DG DEVCO is to intervene more swiftly in protracted crisis contexts, it could consider using the DG ECHO's pool of partners and expand its framework partnership modalities accordingly.

DG ECHO has not yet found a good balance between accountability and flexibility

The EU's complex and burdensome administrative requirements are a contentious issue for DG ECHO's partners. The FPA system undertakes a great part of the contract administration for NGOs. However, the burden of filling out long forms remains a primary concern of EU's humanitarian partners. The current single form following the project's reporting life is composed of 13 chapters, with three different versions of the single form, depending on whether the project in question is defined as emergency, complementary or non-emergency in nature (European Commission, 2017b). Introduction of electronic submission of reports has streamlined the process, but DG ECHO is still often reported as being one of the most demanding humanitarian donors. Cumbersome procedures introduce a preferential bias for large and well-resourced partners that can cope with the reporting burden by prefunding activities without putting at risk their operations. Although as many as 213 NGOs are part of the current FPA,[11] most of DG ECHO funding is allocated to UN agencies, international organisations and a limited set of large NGOs.[12] DG ECHO can make funding allocation decisions within hours in emergencies, but processing contract and related disbursements can take months in non-emergency contexts (CARE, 2017). DG ECHO is conscious that cumbersome procedures increase management costs, but is not taking steps to reduce this burden. Instead, DG ECHO indicated to the review team its intention to further add reporting requirements in the upcoming FPA with its NGO partners, notably on sexual exploitation.

Trust funds help with coherence when their objectives align with country needs

The EU has shown it can react swiftly to unforeseen crises, creating new instruments that are reshaping the overall EU crisis response toolbox. This brings opportunities for greater co-ordination among all of the EU's instruments in crisis. New mechanisms such as the EU trust funds can strengthen EU coherence when their objectives are carefully designed. In Colombia, for example, the new EU Trust Fund supports the implementation of the peace agreement (European Commission, 2016). With humanitarian needs growing in Colombia due to the activities of new armed actors, DG ECHO is also increasing its level of funding to provide humanitarian assistance to support the victims. This is a good example of a pragmatic and coherent EU intervention in a complex crisis. As a sign of its full involvement in the EU's global approach, DG ECHO has started to participate in EU trust funds. However, the operational added value of being part of an EU mechanism that is less flexible than that of DG ECHO's and not humanitarian by design remains unclear. As DG ECHO increasingly co-ordinates its response within the external relations (Relex) family, it is important to maintain and further uphold the alignment of objectives of such funds with partner countries' development priorities.

Rapid response mechanisms could help simplify overall procedures

DG ECHO has gathered its most rapid response instruments into an EU Emergency Aid Toolkit consisting of four funding mechanisms: epidemics tool, small-scale tool, acute large emergency response tool (ALERT) and support to the Disaster Relief Emergency Fund (DREF) of the International Federation of the Red Cross and Red Crescent Societies

(IFRC). These instruments were created on the assumption that the contracting process should speed up in certain emergency situations. However, creating new emergency funding windows for different types of disasters can also develop additional silos without a clear contribution to aid efficiency. Emergency mechanisms entail a lighter administrative burden on partners, which could be the basis for an overall streamlining of DG ECHO's procedures.

Organisation fit for purpose

Peer review indicator: Systems, structures, processes and people work together effectively and efficiently

DG ECHO has the dual mandate of being present in protracted crises that require co-ordination among different actors and performing in sudden onset crises. As both types of crises are becoming more complex, DG ECHO is adapting to new challenges and strengthening its co-ordination role. DG ECHO also makes its mandate clear in its engagement with EU military actors and the European External Action Service, while its civil protection is preparing to cope with bigger challenges.

Civil-military mandates are clear and well understood

The EU's integrated approach to crises brings together civilian and security personnel who are engaging in crisis areas through the Common Security and Defence Policy (CSDP) missions. To date, the EU has undertaken a total of 35 CSDP missions of various kinds in different crisis settings.[13] As the Peer Review Team observed in Mali (Annex D), the division of labour is clear with each actor's mandate well understood, making civil-military relations effective and relatively seamless within the EU system.

Strengthened co-ordination with EU donors

The EU member state forum, the Committee on Humanitarian Aid and Food Aid (COHAFA), remains the central tool for co-ordinating humanitarian action at EU level. Member states value the monthly meeting, which has become indispensable to EU members with limited capacity to follow the evolution of crises. COHAFA is essentially an information-sharing and policy co-ordination platform. Each new major crisis strengthens DG ECHO's operational co-ordination role in crises and reinforces its central role. For example, during the 2014 Ebola crisis in West Africa, the EU established a crisis co-ordination mechanism that included the appointment of the EU Commissioner for Humanitarian Aid and Crisis Response as the EU Ebola response co-ordinator and daily meetings of an Ebola task force during the crisis. More recently, DG ECHO has mirrored the DG DEVCO's system of directors' meetings which are taking place every six months with a humanitarian segment. While largely informal in nature, these mechanisms have succeeded in increasing knowledge and fostering a network spirit among all EU member states.

Results, learning and accountability

Peer review indicator: Results are measured and communicated, and lessons learned

The European Union's humanitarian field network is one of its main assets to monitor projects and assess the relevance and effectiveness of humanitarian programmes. Going forward, the intelligence gathered by this network could be used more directly to the benefit of European Union member states. DG ECHO, used all the means at its disposal, succeed in communicating the European Union's added value to its partners in humanitarian aid However, it will need to learn from the migration crisis to co-ordinate communication more effectively on corporate crisis responses, especially when they involve the EU as a whole.

DG ECHO's field network could benefit the EU's overall response to humanitarian crises

As many as 465 international and national staff with field expertise are deployed for DG ECHO in crisis areas and in seven regional offices around the world.[14] The cost of the field network consists only 2.9% of the overall humanitarian budget in 2016 (ICF, 2018b), representing good value for money as this field presence allows for immediate assessments to activate responses to any crisis in the world. In affected countries and under the EU head of delegation's co-ordination role, experts share their contextual knowledge with colleagues from other EU services. On request, the experts also interact with other donors in the field. However, the EU's overall humanitarian response could benefit more from this capacity - for example, in sharing monitoring reports with EU member states who are co-funding a humanitarian project with the EU. Going forward, building on the logistical and contextual knowledge of its experts, DG ECHO might consider organising joint monitoring visits with its co-funding partners who do not have a permanent field presence to provide them with insights that they cannot get otherwise on the projects they support.

Complex crises require more joined-up communication efforts

DG ECHO communicates to the public on its humanitarian and civil protection activities and results through its webpage, social media and the specific events organised with its partners. Although the EU response to the migration crisis has an important humanitarian component, the related communication is centralised at the European External Action Service (EEAS). Opinion polls on security and migration show a high degree of public concern about these issues (Burnay et al., 2016). However, official EU communication has attracted widespread criticism in the media regarding the EU's management of this crisis. Based on this experience, future communication efforts on complex crises that involve political, security and humanitarian responses will require a more significant investment in well-targeted and highly co-ordinated crisis communication.

Notes

[1] For example, the EU has supported Afghanistan's health sector since 2001, including through international humanitarian non-governmental organisations (NGOs). The EU supports the Basic Package of Health Service (BPHS) and the Essential Package of Hospital Services (EPHS). The BPHS ensures that all stakeholders, including humanitarian NGOs, focus on the common strategy established by the Afghan Ministry of Public Health. This is a good example of DEVCO intervening early and in complementarity with ECHO in a fragile and complex context.

[2] The reserve of the 11th EDF is a general amount whose use is discussed at the level of the EDF Committee, unlike the 10th EDF in which reserve amounts were allocated to individual countries in the form of a B envelope. This reserve is meant to fund bilateral and regional support for unforeseen needs and to be used in emergency and post-emergency situations. As of April 2017, nearly EUR 500 million was disbursed to support DG ECHO operations, nearly EUR 500 million was allocated in emergency support to individual countries and EUR 1.5 billion was disbursed to the EU Trust Funds.

[3] External assigned revenues are direct financial contributions from an EU member state to DG ECHO's budget that are earmarked for a specific crisis or programme.

[4] InfoRM is a global, open-source risk assessment for humanitarian crises and disasters. http://www.inform-index.org/.

[5] DG ECHO has created the forgotten crisis assessment (FCA) that identifies serious humanitarian crisis situations where affected populations do not receive enough or any international aid. These crises are characterised by low media coverage, a lack of donor interest (as measured through aid per capita) and weak political commitment to solve the crisis, all of which result in an insufficient presence of humanitarian actors. See https://ec.europa.eu/echo/news/addressing-forgotten-crises-todays-global-context_en.

[6] Cash is increasingly provided to meet the basic needs of beneficiaries through a single multi-purpose cash grant. Flagship programmes such as ESTIA in Greece, the EU's emergency safety net in Turkey or the cash assistance for Syrian refugees in Lebanon are bringing humanitarian cash-based assistance up to national scale. See https://ec.europa.eu/echo/what/humanitarian-aid/cash-based-assistance_en.

[7] A support competence means that the EU has competence to support, co-ordinate or supplement the actions of the member states in the area of civil protection. The EU may not adopt legally binding acts that require the member states to harmonise their laws and regulations.

[8] COM (2017) 772 final, Decision of the European Parliament and of the Council amending Decision No 1313/2013/EU on a Union Civil Protection Mechanism https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52017PC0772&from=EN.

[9] The most recent example is the agreement between the EU civil protection and Tunisia in March 2018, http://europa.eu/rapid/press-release_IP-18-1522_en.htm.

[10] The current FPA runs from 2014 to 2018 and will be extended for a year. A new FPA will start in 2020. Discussion with NGO partners and networks has already started, taking into account new EU financial regulations.

[11] See DG ECHO FPA partner's list at https://ec.europa.eu/echo/sites/echo-site/files/weblistpartners.pdf.

[12] The UN share of DG ECHO funding increased to 54% in 2016 from 45% in 2012. For further information, see https://ec.europa.eu/echo/sites/echo-site/files/cha_final_report_01032018_master_clean.pdf.

[13] More on CSDP missions is available at https://eeas.europa.eu/topics/military-and-civilian-missions-and-operations/430/military-and-civilian-missions-and-operations_en.

[14] More information about the field network can be found on the DG ECHO website, accessed 19 June 2018: http://ec.europa.eu/echo/files/aid/countries/factsheets/thematic/fieldnetwork_en.pdf.

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Annex A. Progress in implementing the 2012 DAC peer review recommendations

Strategic orientations

2012 recommendations	Progress in implementation
• The EU institutions need to continue efforts to build a common EU strategic vision with member states, using the proposed Agenda for Change to meet their commitment to reduce poverty.	Fully Implemented
• To influence the next financial framework so that it supports the EU's strategic priorities, the Commission and EEAS should: 1. Finish or update strategies, action plans or guidance, especially those addressing security and transition, private sector development and mainstreaming the environment. 2. Strengthen efforts to communicate results to increase transparency and make the public more aware of what the development co-operation programme has achieved.	Partially implemented

Development beyond aid

2012 recommendations	Progress in implementation
• To give PCD sufficient weight in EU decision making, the Council of the EU should forge political will and reinforce existing mechanisms.	Partially implemented
• To get the most out of PCD mechanisms and strengthen the evidence needed to inform decision making, the Commission and EEAS should: 1. Strengthen knowledge management, making more use of internal and external capacity. 2. Develop and implement a strategy on development research which would include producing evidence on policy coherence for development. 3. Together with the Council and Parliament, improve awareness and training for officials to deal with policy coherence for development, at headquarters and in delegations.	Partially implemented

Aid volumes, channels and allocations

2012 recommendations	Progress in implementation
• To confirm their strong role in development co-operation and to help meet the EU collective 0.7% ODA/GNI target, the EU institutions should: 1. Review and update the roadmap to meet the EU targets. 2. Analyse and share with member states the benefits to be expected from meeting the target levels of ODA.	Partially implemented
• To support their strategic orientations, the EU institutions should: 1. Develop sound exit strategies in countries where they plan to phase out, taking into account division of labour and thinking further on how to engage on global public goods. 2. Be even more strategic in their engagement with multilateral organisations, building on synergies to have the greatest impact and being transparent about their engagement and streamlined in their financial and administrative arrangements.	Not implemented

Organisation and management

2012 recommendations	Progress in implementation
• In order to maximise the opportunities and manage the risks associated with the recent organisational changes, the EU institutions should: 1. Monitor how the division of responsibilities agreed between the Commission and the EEAS works in practice and improve it in ways that avoid overlaps and ensure synergies. This should accompany more streamlined processes. 2. Make knowledge management a corporate priority, invest further in staff expertise, offer career incentives for specialising and make more effective use of contract agents.	Partially implemented
• Building on progress already made, the EU institutions can further simplify and modernise their development co-operation by: 1. Reducing the number of budget lines and continuing aligning rules for implementation of the Development Cooperation Instrument (DCI) and the EDF. 2. Further streamlining approval procedures, particularly for small-scale activities or annual action plans where multi-year plans have already been approved. 3. Involving delegations more closely in designing regional and thematic programmes to make aid flows more predictable and ensure they are able to build a coherent programme at country level.	Partially implemented
• The European Commission should increase the focus on results and enhance wider learning.	Partially implemented

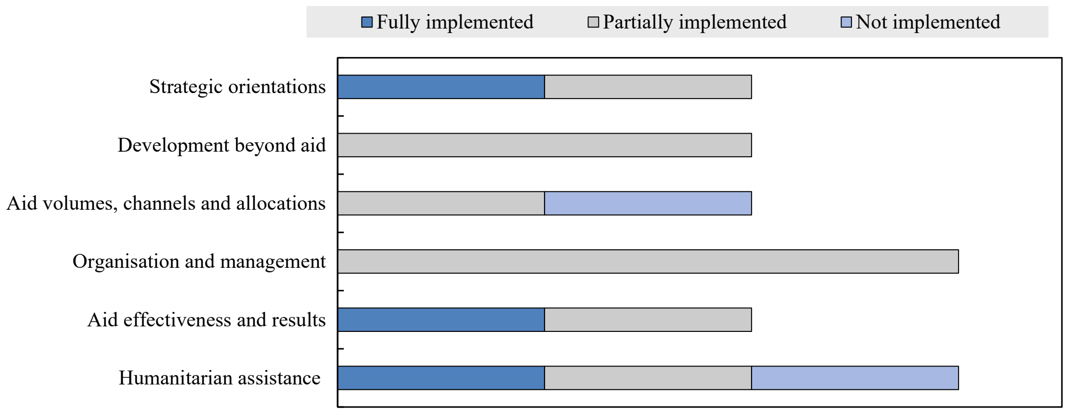
Aid effectiveness and results

<table>
<tr><th>2012 Recommendations</th><th>Progress in implementation</th></tr>
<tr><td>• To realise their ambition to play a strong EU-wide role in promoting more effective development co-operation, the EU institutions should:
1. Focus on implementing the EU code of conduct; demonstrate to politicians and practitioners the benefits of moving towards joint programming; and work with member states to identify and address obstacles at headquarters and at country level.
2. Seek to bring harmony with and among member states' approaches in challenging areas such as conditionality in budget support; measuring development results; and aligning programming cycles with partner countries' cycles.</td><td>Partially implemented</td></tr>
<tr><td>• To consolidate progress in making development co-operation more effective, the EU institutions should now:
1. Examine ways to make EU project approaches more effective, timely and flexible and to increase use of programmatic approaches; both approaches will continue to be needed given the range of contexts in which the EU operates.
2. Implement the strategy for reforming technical co-operation and review how EDF cells, which support National Authorising Officers, could be better integrated into national administrations and contribute more to broad state capacity development.</td><td>Fully implemented</td></tr>
</table>

Humanitarian assistance

<table>
<tr><th>Recommendations 2012</th><th>Progress in implementation</th></tr>
<tr><td>• To implement the EU Consensus on Humanitarian Assistance, ECHO should help member states to share policy guidance and learning and to plan complementary responses and advocacy messages.</td><td>Fully implemented</td></tr>
<tr><td>• To translate political will for building resilience and for improving support to recovery and transition environments into effective programming, ECHO, EuropeAid and EEAS should:
1. Develop joint planning and analytical frameworks for fragile contexts and disaster risk reduction and provide operational guidance for working across the Commission on these issues.
2. Increase the flexibility and timeliness of relevant financial instruments, and commit to providing appropriately skilled human resources to delegations and field offices in high disaster risk and recovery/transition environments.</td><td>Partially implemented</td></tr>
<tr><td>• To reduce the compliance burden on partners and staff, ECHO should:
1. Reduce the barriers to strategic partnerships with the humanitarian community by speeding up partner project approvals, aligning audit and liquidation procedures, and only requiring NGO consortia in areas where they add clear value.
2. Consider a differentiated approach to monitoring compliance, matching monitoring to the risk profile of each grant.
3. Establish a rapid response mechanism for key partners.</td><td>Not implemented</td></tr>
</table>

Figure A.1. The European Union's implementation of 2012 peer review recommendations



Annex B. An essential glossary of the European Union's development co-operation system

Treaties: The Treaty of Lisbon, which entered into force on 1 December 2009, is the legal basis for the European Union. It comprises the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU). It amended the previous versions of the TEU and the Treaty on European Community.

European Union: The European Union (EU) is the legal successor to the European Community. The EU is an economic and political union of member states (currently numbering 28) and has legal personality. The Treaties, which lay down the objectives of the EU, contain fundamental values such as respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. The EU has a *sui generis* legal nature. Its legitimacy is dual, based on both the legitimacy of the governments of the member states that are represented in the Council (i.e. indirect legitimacy) and the legitimacy of the European Parliament that is directly elected by EU citizens (i.e. direct legitimacy). The EU is a full member of the DAC and a donor of ODA in its own right, having its own resources and budgetary authority. The source of EU development aid is the general budget of the European Union, which is financed wholly from the EU's own resources (Article 311 TFEU). The EU is thus to be treated as a bilateral donor in its own right and not as a recipient and disburser of funds from its member states.

28 European Union member states in 2018: Austria, Belgium, Bulgaria, Croatia, Cyprus,[2] Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom.

20 European Union member states reporting to the DAC in 2018: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and United Kingdom.

[2] *Footnote by Turkey*:

The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Turkey shall preserve its position concerning the "Cyprus" issue.

Footnote by all the European Union member states of the OECD and the European Commission:

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

European Union entities:

- **European Council** comprises the heads of state or government of all EU member states, the President of the European Council (who chairs its meetings), and the President of the European Commission. The High Representative of the Union for Foreign Affairs and Security Policy (HR) also takes part in meetings of the European Council. Neither the presidents of the European Council and Commission nor the HR have a vote. While the European Council has no legislative power, the Lisbon Treaty established that it defines the general political directions and priorities of the European Union. The European Council also deals with complex and/or sensitive issues that cannot be resolved at a lower level. The European Council defines the principles of, and general guidelines for, the Common Foreign and Security Policy (CFSP) and decides on common strategies for its implementation. The President of the European Council represents the EU on issues concerning its Common Foreign and Security Policy at the level of heads of state or government.
- **Council of the European Union** exercises legislative and budgetary functions, jointly with the European Parliament. It carries out policy-making and co-ordinating functions as laid down in the Treaties. The Council is composed of one representative at ministerial level per member state, while the precise configuration of its meeting is determined by the topic under discussion. The Presidency of the Council rotates every six months among the governments of member states, except in the area of foreign policy. Council decisions are made by weighted qualified majority voting in most policy areas and unanimity in others.
- **Foreign Affairs Council** is a configuration of the Council of the European Union. It elaborates the Union's external action on the basis of strategic guidelines laid down by the European Council and ensures that the Union's action is consistent. Since the entry into force of the Lisbon Treaty, the Foreign Affairs Council is chaired by the High Representative of the Union for Foreign Affairs and Security Policy (instead of the rotating Presidency of the Council of the European Union). It meets once a month, bringing together the foreign ministers of the member states. Other ministers participate depending on the agenda. The Foreign Affairs Council also may meet in different formats (i.e. trade, development, defence) several times a year to discuss those policy areas.
- **Permanent Representatives Committee**, or Coreper, comprises the permanent representatives of the member states to the EU (Ambassadors Extraordinary and Plenipotentiary) and it is responsible for preparing the work of the Council of the EU. It is divided into two groups: Coreper I, comprising the deputy permanent representatives, prepares work in the more technical areas, including agriculture, employment, education and the environment; Coreper II addresses matters falling more within the field of 'high politics', in particular foreign, economic and monetary affairs and justice and home affairs. Coreper is assisted in its preparatory work by some ten committees and around a hundred specialised working parties.
- **Working groups of the Council** prepare decisions to be addressed by the Council. Member state civil servants, whether based in capitals or at the Permanent Representations in Brussels, take part in working-level meetings that prepare these decisions. In the foreign policy field, working groups can be either geographical (e.g. regional) or thematic (e.g. development, trade).

European Parliament is the assembly of directly-elected representatives of European Union citizens. It has three main functions: legislative, budgetary and control. Together with the Council of the EU, the European Parliament both legislates and acts as budgetary authority, deciding on the multi-annual and annual EU budgets. Its consent is required on a wide range of international agreements negotiated by the EU. It exercises political oversight over the use of funds within the annual budget discharge procedure. The European Court of Auditors, whose reports form the basis for the annual discharge exercise by the Parliament's Budgetary Control Committee, scrutinises all external actions, including development aid.

European Commission is the executive body of the European Union. It has the sole right of initiative, except in the area of the Common Foreign and Security Policy (CFSP). All policy and legislative proposals must be presented by the Commission, which has autonomy in deciding whether to do so. The Commission, along with the EU civil service, is also responsible for the day-to-day administration of the EU including implementing policies and executing the budget. The Commission oversees the application of EU law under the control of the Court of Justice of the European Union, and in areas other than CFSP and other cases provided for in the Treaties, it ensures the external representation of the European Union. The Commission is steered by a team, called the College, consisting of 28 Commissioners (one for each member state) who take collegial decisions. Since the Lisbon Treaty came into force, the High Representative of the Union for Foreign Affairs and Security Policy also automatically acts as a Vice-President of the Commission. The Commission is appointed for a five-year term by the Council acting by qualified majority in agreement with member states. It is subject to a vote of appointment by the European Parliament, to which it is answerable. The Commission comprises Directorates-General or services that are responsible for individual policy areas.

High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the European Commission (HR/VP) is a dual-role post established under the Lisbon Treaty (Figure E.3). In the first role, the HR is responsible for foreign affairs and security policy, chairs the Foreign Affairs Council, and has authority over more than 130 EU delegations. In the second role, the HR is a Vice-President of the European Commission whose responsibilities within the Commission are to ensure the consistency of the EU's external relations and to co-ordinate other aspects of the EU's external action. The HR also represents the EU in matters relating to the Common Foreign and Security Policy.

European External Action Service (EEAS) is the EU's diplomatic service. Formally launched on 1 January 2011, it is responsible for assisting the HR/VP in functions such as developing and implementing the Common Foreign and Security Policy and co-ordinating other areas of the EU's external relations. The EEAS, working with European Commission services, ensures coherence between external policy objectives and development. It comprises European civil servants, diplomats from the foreign services of the EU member states and local staff in countries around the world.

European Court of Auditors is responsible for auditing EU finances. It provides external checks to ensure the EU budget has been implemented correctly. The European Court of Auditors is composed of one member from each EU member state who is appointed by the Council of the European Union following consultations with the European Parliament and serves a six-year renewable term.

European Investment Bank (EIB) has decision-making independence within the EU's institutional system and operates in accordance with the provisions of the EU Treaties. It was founded in 1958 and its shareholders are the EU member states. The task of the European Investment Bank is to contribute, by having recourse to the capital market and utilising its own resources, to the balanced and steady development of the internal market in the interest of the Union. The EIB aims to support EU policies internally and outside the EU, acting under the supervision of a Board of Governors that comprises the 28 member states' finance ministers.

Court of Justice of the European Union includes the Court of Justice, the General Court and specialised courts. It ensures that in the interpretation and application of the Treaties the law is observed. The Court of Justice, composed of one judge from each member state, also acts as arbiter between EU governments and EU institutions.

European Central Bank is the central bank of the 19 European Union which have adopted the euro. It is responsible for maintaining the stability of the euro, and controlling the amount of currency in circulation. It has legal personality and it is independent in the exercise of its powers and in the management of its finances.

ACP-EU Partnership Agreement (also referred to as the Cotonou Agreement), is a co-operation agreement between the European Union and the 7979 African, Caribbean and Pacific (ACP). It provides for a number of joint ACP-EU institutions: a Council of Ministers that meets annually and brings together representatives of the EU and of signatory governments; a Committee of Ambassadors that assembles representatives of the signatories in Brussels; and a joint Parliamentary Assembly that meets twice a year and includes representatives of the parliaments of the ACP countries and the European Parliament. The ACP-EC Partnership Agreement is supported by a secretariat in Brussels and financed by the EU.

Chapter 4 and Figure 4.1 provide an additional summary of key institutions involved in the European Union's development co-operation policy.

Annex C. OECD DAC standard suite of tables[1] on the European Union

Table C.1. Total financial flows

USD million at current prices and exchange rates.

Net disbursements

EU Institutions	2002-06	2007-11	2012	2013	2014	2015	2016
Total official flows	**9 659**	**17 439**	**16 480**	**15 347**	**14 509**	**12 313**	**17 846**
Official development assistance	**8 192**	**13 710**	**17 479**	**15 882**	**16 451**	**13 670**	**17 106**
Bilateral	7 610	13 379	17 173	15 645	16 389	13 546	16 832
Grants	7 442	12 372	11 669	11 908	13 218	11 051	13 291
Non-grants	168	1 007	5 504	3 737	3 171	2 495	3 541
Multilateral	582	331	306	236	62	124	274
Other official flows	**1 467**	**3 729**	**- 999**	**- 535**	**-1 942**	**-1 356**	**739**
Bilateral: *of which*	1 467	3 729	- 999	- 535	-1 942	-1 356	739
Investment-related transactions	1 467	3 729	- 999	- 535	-2 036	-1 444	712
Multilateral	-	-	-	-	-	-	-
Officially guaranteed export credits	-	-	-	-	-	-	-
Net Private Grants	-	-	-	-	-	-	-
Private flows at market terms	-	-	-	-	-	-	-
Bilateral: *of which*	-	-	-	-	-	-	-
Direct investment	-	-	-	-	-	-	-
Multilateral	-	-	-	-	-	-	-
Total flows	**9 659**	**17 439**	**16 480**	**15 347**	**14 509**	**12 313**	**17 846**
for reference:							
ODA (at constant 2016 USD million)	*9 046*	*11 789*	*15 697*	*13 640*	*14 012*	*13 734*	*17 106*
ODA (as a % of GNI)	-	-	-	-	-	-	-
ODA grant equivalent	-	-	-	-	-	*12 759*	*15 319*
Total flows (as a % of GNI) (a)	-	-	-	-	-	-	-
ODA to and channelled through NGOs							
- In USD million	427	1 146	1 865	2 055	2 190	1 808	2 045
ODA to and channelled through multilaterals							
- In USD million	747	2 412	2 697	6 621	6 488	2 626	3 723

a. To countries eligible for ODA.

ODA net disbursements
At constant 2016 prices and exchange rates and as a share of GNI

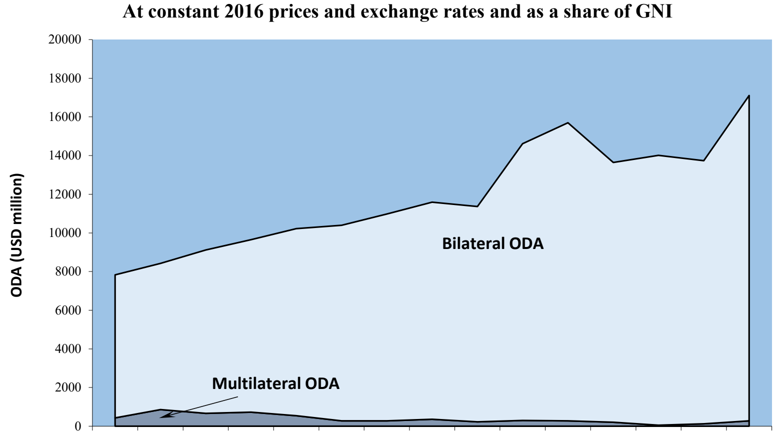
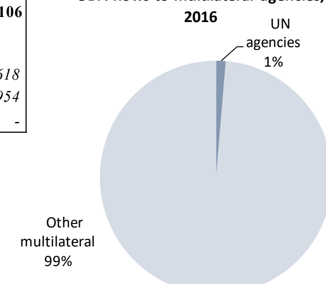


Table C.2. ODA by main categories

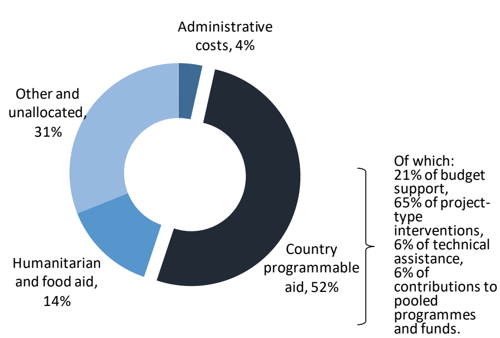
Disbursements

EU Institutions	Constant 2016 USD million					Per cent share of gross disbursements					Total DAC 2016 %
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	
Gross Bilateral ODA	**16 238**	**14 741**	**15 718**	**15 629**	**18 628**	**98**	**99**	**100**	**99**	**99**	**73**
Budget support	2 023	1 962	1 891	1 861	2 067	12	13	12	12	11	2
of which: General budget support	933	800	1 033	820	657	6	5	7	5	3	1
Core contributions & pooled prog.& funds	547	488	800	583	975	3	3	5	4	5	13
of which: Core support to national NGOs	1	0	3	3	6	0	0	0	0	0	1
Core support to international NGOs	1	3	4	5	4	0	0	0	0	0	1
Core support to PPPs	-	-	-	-	-	-	-	-	-	-	0
Project-type interventions	11 835	10 461	11 356	11 574	13 943	72	70	72	73	74	37
of which: Investment projects	6 804	5 573	6 157	6 340	2 781	41	37	39	40	15	12
Experts and other technical assistance	893	873	791	725	649	5	6	5	5	3	3
Scholarships and student costs in donor countries	131	173	114	173	287	1	1	1	1	2	2
of which: Imputed student costs	1	0	0	-	-	0	0	0	-	-	1
Debt relief grants	40	-	-	-	-	0	-	-	-	-	2
Administrative costs	661	647	693	641	653	4	4	4	4	3	4
Other in-donor expenditures	107	137	71	71	55	1	1	0	0	0	10
of which: refugees in donor countries	-	16	24	-	-	-	0	0	-	-	10
Gross Multilateral ODA	**275**	**203**	**53**	**125**	**274**	**2**	**1**	**0**	**1**	**1**	**27**
UN agencies	110	121	14	5	4	1	1	0	0	0	4
EU institutions	-	-	-	-	-	-	-	-	-	-	9
World Bank group	58	59	-	-	-	0	0	-	-	-	6
Regional development banks	43	13	15	-	-	0	0	0	-	-	3
Other multilateral	65	9	23	119	270	0	0	0	1	1	6
Total gross ODA	**16 513**	**14 944**	**15 771**	**15 753**	**18 902**	**100**	**100**	**100**	**100**	**100**	**100**
of which: Gross ODA loans	5 540	4 384	4 311	4 335	5 162	34	29	27	28	27	12
Bilateral	5 540	4 384	4 311	4 335	5 162	34	29	27	28	27	11
Multilateral	-	-	-	-	-	-	-	-	-	-	1
Repayments and debt cancellation	**- 816**	**-1 305**	**-1 758**	**-2 019**	**-1 795**						
Total net ODA	**15 697**	**13 640**	**14 012**	**13 734**	**17 106**						
For reference:											
Country programmable aid	*7 864*	*7 468*	*8 153*	*8 217*	*9 618*						
Free standing technical co-operation	*1 201*	*1 285*	*1 374*	*1 456*	*1 954*						
Net debt relief	*7*	*-*	*-*	*-*	*-*						

ODA flows to multilateral agencies, 2016



Composition of bilateral ODA, 2016, gross bilateral disbursements



Share of ODA channelled to and through the multilateral system, two year average

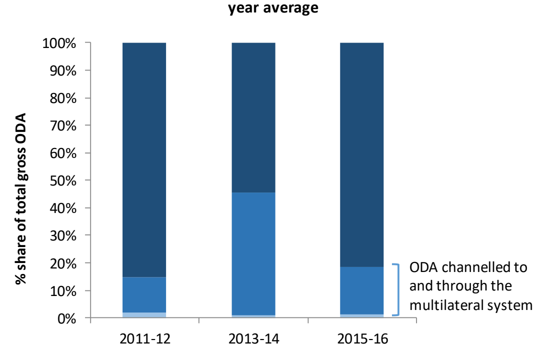


Table C.3. Bilateral ODA allocable1 by region and income group

Gross disbursements

EU Institutions	Constant 2016 USD million					% share					Total DAC
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2016%
Africa	6 687	5 476	6 200	5 627	6 822	44	40	42	39	39	**39**
Sub-Saharan Africa	4 533	4 019	4 515	4 065	4 498	30	29	31	28	26	**33**
North Africa	1 885	1 179	1 354	1 132	1 638	12	9	9	8	9	**4**
Asia	1 578	1 462	1 394	1 912	2 226	10	11	10	13	13	**29**
South and Central Asia	1 050	1 101	1 050	1 478	1 730	7	8	7	10	10	**17**
Far East	458	296	298	394	448	3	2	2	3	3	**11**
America	1 121	994	894	1 182	1 171	7	7	6	8	7	**12**
North and Central America	528	555	537	466	622	3	4	4	3	4	**7**
South America	574	395	288	695	512	4	3	2	5	3	**4**
Middle East	705	1 040	1 082	1 247	1 526	5	8	7	9	9	**13**
Oceania	82	84	83	113	71	1	1	1	1	0	**2**
Europe	5 039	4 684	4 944	4 437	5 487	33	34	34	31	32	**5**
Total bilateral allocable by region	**15 211**	**13 741**	**14 596**	**14 518**	**17 304**	**100**	**100**	**100**	**100**	**100**	**100**
Least developed	3 493	3 345	3 878	3 508	4 310	26	27	30	27	28	**37**
Other low-income	327	324	251	250	235	2	3	2	2	2	**3**
Lower middle-income	3 533	3 124	3 358	3 549	4 364	26	26	26	27	28	**34**
Upper middle-income	6 220	5 423	5 583	5 812	6 467	46	44	43	44	42	**26**
More advanced developing countries	22	17	-	-	-	0	0	-	-	-	**-**
Total bilateral allocable by income	**13 595**	**12 232**	**13 071**	**13 118**	**15 376**	**100**	**100**	**100**	**100**	**100**	**100**
For reference[2] :											
Total bilateral	16 238	14 742	15 718	15 629	18 628	*100*	*100*	*100*	*100*	*100*	***100***
of which: Unallocated by region	*1 027*	*1 002*	*1 122*	*1 110*	*1 324*	*6*	*7*	*7*	*7*	*7*	***34***
of which: Unallocated by income	*2 643*	*2 510*	*2 648*	*2 510*	*3 251*	*16*	*17*	*17*	*16*	*17*	***41***
Fragile and conflict-affected states (as per DCR of each year)	*5 366*	*4 701*	*5 410*	*5 030*	*6 211*	*33*	*32*	*34*	*32*	*33*	***33***
SIDS (as per data provided to UN)	*540*	*488*	*457*	*463*	*505*	*3*	*3*	*3*	*3*	*3*	***4***
Landlocked developing countries (as per data provided to UN)	*2 170*	*2 244*	*2 726*	*2 526*	*3 202*	*13*	*15*	*17*	*16*	*17*	***13***

1. Each region includes regional amounts which cannot be allocated by sub-region. The sum of the sub-regional amounts may therefore fall short of the regional total.
2. 'Fragile and conflict-affected states' group has overlaps with SIDS and Landlocked developing countries and can therefore not be added. For the same reason, these three groups cannot be added to any income group.

Gross bilateral ODA by income group, 2011-16

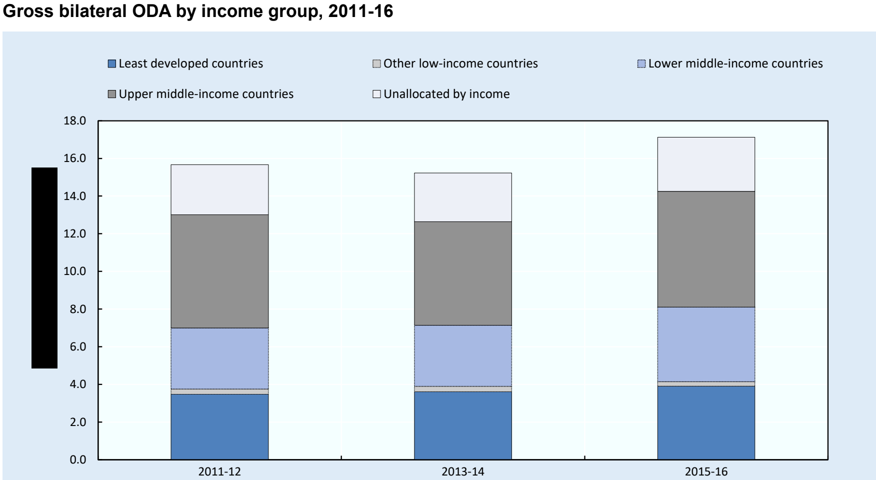


Table C.4. Main recipients of bilateral ODA

Gross disbursements

EU Institutions	2011-12 average Current USD million	Constant 2016 USD mln	% share	Memo: *DAC countries' average %*
Turkey	2967	2582	16	
Serbia	998	865	6	
Tunisia	541	472	3	
Egypt	455	405	3	
Morocco	463	403	3	
Top 5 recipients	**5 423**	**4 728**	**30**	**30**
West Bank and Gaza Strip	359	311	2	
Bosnia and Herzegovina	317	276	2	
Afghanistan	310	268	2	
Democratic Republic of the Congo	303	262	2	
South Africa	287	249	2	
Top 10 recipients	**6 998**	**6 094**	**39**	**40**
Kosovo	253	218	1	
Ukraine	235	204	1	
Ethiopia	226	196	1	
Pakistan	223	193	1	
China (People's Republic of)	185	160	1	
Top 15 recipients	**8 119**	**7 066**	**45**	**45**
Kenya	183	160	1	
Niger	182	160	1	
Moldova	179	156	1	
Sudan	177	155	1	
Mozambique	174	151	1	
Top 20 recipients	**9 014**	**7 847**	**50**	**49**
Total (148 recipients)	**14 987**	**13 033**	**83**	
Unallocated	3 027	2 629	17	37
Total bilateral gross	**18 014**	**15 662**	**100**	**100**

	2013-14 average Current USD million	Constant 2016 USD mln	% share	Memo: *DAC countries' average %*
Turkey	3 053	2 610	17	
Serbia	591	506	3	
Morocco	571	489	3	
Tunisia	514	440	3	
Ukraine	430	367	2	
Top 5 recipients	**5 159**	**4 412**	**29**	**27**
West Bank and Gaza Strip	421	360	2	
Bosnia and Herzegovina	352	301	2	
Afghanistan	305	260	2	
Mali	303	259	2	
Democratic Republic of the Congo	287	246	2	
Top 10 recipients	**6 826**	**5 838**	**38**	**39**
Kosovo	243	208	1	
Egypt	235	200	1	
Kenya	233	199	1	
Niger	222	190	1	
Jordan	217	185	1	
Top 15 recipients	**7 977**	**6 821**	**45**	**46**
Lebanon	212	181	1	
Ethiopia	208	177	1	
Burkina Faso	202	173	1	
Georgia	198	169	1	
South Africa	185	158	1	
Top 20 recipients	**8 981**	**7 680**	**50**	**52**
Total (148 recipients)	**14 794**	**12 651**	**83**	
Unallocated	3 015	2 578	17	37
Total bilateral gross	**17 809**	**15 230**	**100**	**100**

	2015-16 average Current USD million	Constant 2016 USD mln	% share	Memo: *DAC countries average %*
Turkey	2 878	2 884	17	
Morocco	534	535	3	
Serbia	477	478	3	
Tunisia	414	415	2	
West Bank and Gaza Strip	414	415	2	
Top 5 recipients	**4 717**	**4 727**	**28**	**21**
Ukraine	363	363	2	
India	304	305	2	
Afghanistan	296	297	2	
Syrian Arab Republic	274	275	2	
Egypt	267	267	2	
Top 10 recipients	**6 221**	**6 233**	**36**	**33**
Ethiopia	253	254	1	
Jordan	232	233	1	
Niger	229	230	1	
Bosnia and Herzegovina	227	227	1	
Democratic Republic of the Congo	210	210	1	
Top 15 recipients	**7 372**	**7 387**	**43**	**40**
Mali	199	199	1	
Brazil	198	198	1	
South Africa	187	188	1	
South Sudan	179	180	1	
Lebanon	174	174	1	
Top 20 recipients	**8 309**	**8 327**	**49**	**45**
Total (144 recipients)	**14 216**	**14 247**	**83**	
Unallocated	2 875	2 881	17	48
Total bilateral gross	**17 091**	**17 128**	**100**	**100**

Table C.5. Bilateral ODA by major purposes

At constant prices and exchange rates

Commitments - Two-year average

EU Institutions	2011-12 average		2013-14 average		2015-16 average		DAC
	2016 USD million	%	2016 USD million	%	2016 USD million	%	2015-16 %
Social infrastructure & services	**5 972**	**31**	**5 566**	**30**	**5 877**	**27**	**34**
Education	892	5	703	4	890	4	7
of which: basic education	207	1	153	1	168	1	2
Health	335	2	532	3	531	2	5
of which: basic health	238	1	328	2	380	2	4
Population & reproductive health	204	1	115	1	144	1	7
Water supply & sanitation	755	4	556	3	513	2	4
Government & civil society	2990	15	2 934	16	3 300	15	10
of which: Conflict, peace & security	632	3	689	4	649	3	2
Other social infrastructure & services	796	4	725	4	499	2	2
Economic infrastructure & services	**5532**	**29**	**6 009**	**33**	**5 480**	**25**	**18**
Transport & storage	2076	11	1 947	11	1 699	8	8
Communications	162	1	297	2	95	0	0
Energy	1845	10	1 717	9	2 124	10	7
Banking & financial services	1381	7	1 969	11	1 479	7	2
Business & other services	68	0	79	0	82	0	1
Production sectors	**2777**	**14**	**1 504**	**8**	**2 208**	**10**	**6**
Agriculture, forestry & fishing	1280	7	861	5	1 485	7	4
Industry, mining & construction	1191	6	395	2	585	3	1
Trade & tourism	306	2	248	1	138	1	1
Multisector	**2128**	**11**	**2 119**	**11**	**3 646**	**17**	**10**
Commodity and programme aid	**702**	**4**	**929**	**5**	**1 422**	**7**	**2**
Action relating to debt	**9**	**0**	-	-	-	-	**1**
Humanitarian aid	**1 607**	**8**	**1 672**	**9**	**2 253**	**10**	**12**
Administrative costs of donors	**679**	**3**	**651**	**4**	**669**	**3**	**5**
Refugees in donor countries	-	-	-	-	-	-	**12**
Total bilateral allocable	**19 406**	**100**	**18 449**	**100**	**21 555**	**100**	**100**
For reference:							
Total bilateral	*19 573*	*99*	*18 587*	*100*	*21 645*	*99*	*77*
of which: Unallocated	*167*	*1*	*138*	*1*	*91*	*0*	*0*
Total multilateral	*213*	*1*	*85*	*0*	*147*	*1*	*23*
Total ODA	***19 786***	***100***	***18 672***	***100***	***21 792***	***100***	***100***

Commitments

	2011-2012		2013-2014		2015-2016	
	Constant 2016 USD Million	% Bilateral Allocable	Constant 2016 USD Million	% Bilateral Allocable	Constant 2016 USD Million	% Bilateral Allocable
Gender equality	2,748	*15*	3,564	*21*	8,394	*42*
Environment	2,804	*15*	2,851	*17*	5,209	*26*
Rio markers						
Biodiversity	632	*3*	514	*3*	656	*3*
Desertification	513	*3*	440	*3*	888	*4*
Climate change Mitigation only	497	*3*	582	*3*	1,288	*6*
Climate change Adaptation only	387	*2*	534	*3*	1,623	*8*
Both climate adaptation and mitigation	913	*5*	834	*5*	1,620	*8*

Table C.6. Comparative aid performance of DAC members

				Net disbursements					*Commitments*
	Official development assistance			Share of multilateral aid				Grant element of ODA commitments 2016	Untied aid % of bilateral commitments 2016
	2016		2010-11 to 2015-16 Average annual % change in real terms	2016					
	USD million	% of GNI		% of ODA		% of GNI			
				(b)	(c)	(b)	(c)	% (a)	(d)
Australia	3 278	0.27	-0.4	30.1		0.08		100.0	100.0
Austria	1 635	0.42	7.4	39.7	19.5	0.17	0.08	100.0	51.8
Belgium	2 300	0.55	-3.7	38.0	13.8	0.21	0.08	99.8	95.8
Canada	3 930	0.26	-1.3	32.3		0.08		97.8	95.6
Czech Republic	260	0.14	3.7	72.6	9.8	0.10	0.01	100.0	45.9
Denmark	2 369	0.75	-0.2	30.2	19.1	0.23	0.14	100.0	99.0
Finland	1 060	0.44	-1.1	39.8	19.4	0.17	0.09	100.0	95.3
France	9 622	0.38	-3.2	41.4	15.8	0.16	0.06	83.4	96.3
Germany	24 736	0.70	12.2	20.6	9.6	0.14	0.07	89.3	86.2
Greece	369	0.19	-3.4	56.8	4.9	0.11	0.01	100.0	90.3
Hungary	199	0.17	11.1	72.5	14.9	0.12	0.02	100.0	..
Iceland	59	0.28	9.7	18.8		0.05		100.0	100.0
Ireland	803	0.32	-1.3	46.8	21.7	0.15	0.07	100.0	100.0
Italy	5 087	0.27	7.7	52.4	17.6	0.14	0.05	99.9	95.0
Japan	10 417	0.20	3.6	32.3		0.07		85.7	77.4
Korea	2 246	0.16	9.7	31.1		0.05		93.4	56.0
Luxembourg	391	1.00	1.1	29.7	20.5	0.30	0.20	100.0	98.9
Netherlands	4 966	0.65	-0.1	36.4	25.2	0.24	0.16	100.0	98.8
New Zealand	438	0.25	3.1	18.3		0.05		100.0	84.7
Norway	4 380	1.12	4.8	21.2		0.24		100.0	100.0
Poland	663	0.15	11.3	77.5	17.0	0.11	0.02	97.6	34.5
Portugal	343	0.17	-11.0	63.6	10.0	0.11	0.02	95.2	59.1
Slovak Republic	106	0.12	7.5	75.8	9.4	0.09	0.01	100.0	64.3
Slovenia	81	0.19	7.0	65.7	14.5	0.12	0.03	100.0	53.4
Spain	4 278	0.35	-7.5	39.3	12.6	0.14	0.04	100.0	82.1
Sweden	4 894	0.94	6.6	29.5	23.4	0.28	0.22	100.0	96.3
Switzerland	3 582	0.53	6.6	22.6		0.12		100.0	94.3
United Kingdom	18 053	0.70	6.8	36.2	25.0	0.25	0.17	96.2	100.0
United States	34 412	0.19	-0.1	17.1		0.03		100.0	64.7
Total DAC	**144 956**	**0.32**	**2.9**	**28.8**		**0.09**		**94.2**	**81.3**
EU institutions	17 106	..	3.5	1.6		..		88.5	71.8

Notes:

a. Excluding debt reorganisation.

b. Including EU institutions.

c. Excluding EU institutions.

d. Excluding administrative costs and in-donor refugee costs.

.. Data not available.

Table C.7. Comparative performance of aid to LDCs

	Net disbursements						Commitments		
	Bilateral ODA to LDCs			Total ODA to LDCs (Bilateral and through multilateral agencies)			Grant element of bilateral ODA commitments[a] to LDCs (two alternative norms)		
	2016			2016			Annually for all LDCs Norm: 90%		3-year average for each LDC Norm: 86%
	USD million	% bilateral ODA	% of GNI	USD million	% total ODA	% of GNI	2015	2016	2014-2016
Australia	534	23.3	0.04	839	25.6	0.07	100.0	100.0	c
Austria	43	4.4	0.01	250	15.3	0.06	100.0	100.0	c
Belgium	398	27.9	0.10	638	27.7	0.15	99.3	99.3	n
Canada	830	31.2	0.06	1 343	34.2	0.09	100.0	100.0	c
Czech Republic	10	14.6	0.01	55	21.2	0.03	100.0	100.0	c
Denmark	405	24.5	0.13	652	27.5	0.21	100.0	100.0	c
Finland	195	30.6	0.08	323	30.5	0.13	100.0	100.0	c
France	886	15.7	0.04	2 103	21.9	0.08	79.8	80.9	n
Germany	2 093	10.7	0.06	3 582	14.5	0.10	98.5	95.9	n
Greece	0	0.1	0.00	47	12.8	0.02	100.0	100.0	c
Hungary	5	8.9	0.00	40	20.1	0.03	100.0	100.0	..
Iceland	14	28.7	0.07	18	29.8	0.08	100.0	100.0	c
Ireland	239	55.9	0.09	359	44.7	0.14	100.0	100.0	c
Italy	296	12.2	0.02	981	19.3	0.05	98.9	98.8	c
Japan	2 568	36.4	0.05	3 978	38.2	0.08	91.3	91.5	c
Korea	578	37.3	0.04	758	33.7	0.05	94.5	93.0	c
Luxembourg	127	46.0	0.32	164	42.0	0.42	100.0	100.0	c
Netherlands	507	16.0	0.07	1 185	23.9	0.15	100.0	100.0	c
New Zealand	113	31.7	0.06	136	31.1	0.08	100.0	100.0	c
Norway	659	19.1	0.17	1 035	23.6	0.27	100.0	100.0	c
Poland	72	48.1	0.02	184	27.7	0.04	83.9	80.4	n
Portugal	46	36.8	0.02	100	29.0	0.05	92.0	92.2	n
Slovak Republic	1	4.1	0.00	19	17.9	0.02	100.0	100.0	c
Slovenia	0	1.5	0.00	13	16.4	0.03	100.0	100.0	c
Spain	81	3.1	0.01	567	13.2	0.05	100.0	100.0	c
Sweden	838	24.3	0.16	1 406	28.7	0.27	100.0	100.0	c
Switzerland	574	20.7	0.08	896	25.0	0.13	100.0	100.0	c
United Kingdom	3 176	27.6	0.12	5 625	31.2	0.22	100.0	100.0	c
United States	9 346	32.8	0.05	11 870	34.5	0.06	100.0	100.0	c
Total DAC	**24 634**	**23.9**	**0.05**	**39 165**	**27.0**	**0.09**	**96.9**	**97.0**	**..**
EU institutions	4 107	24.4	..	4 264	24.9	..	98.0	96.8	c

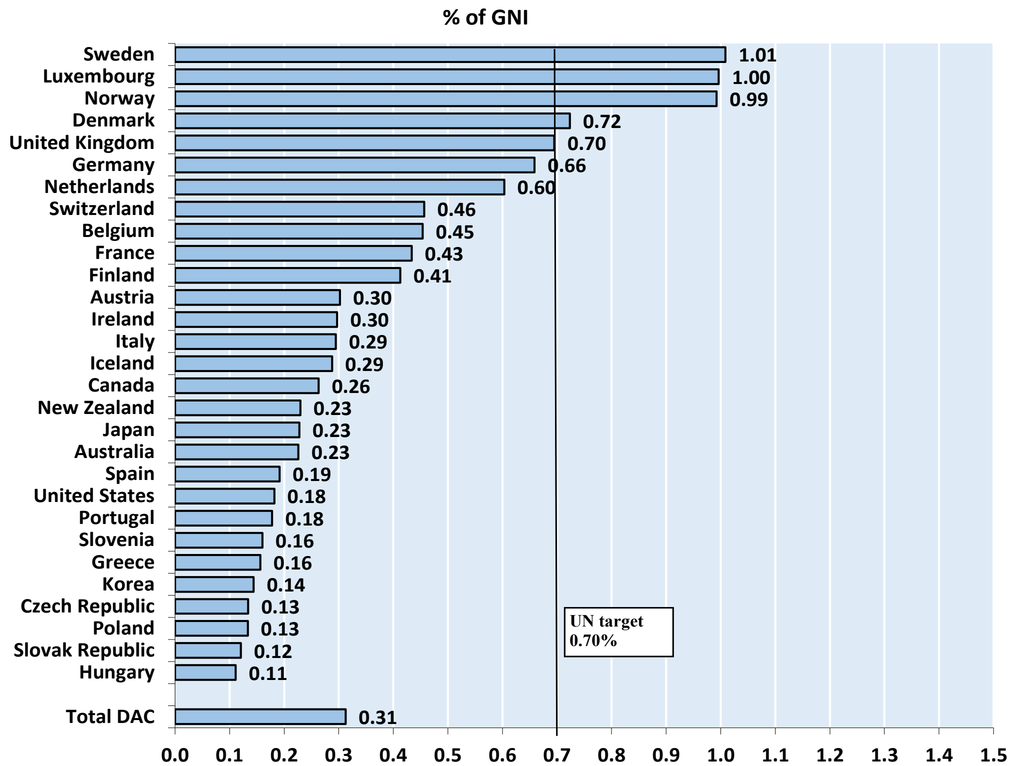
Notes:

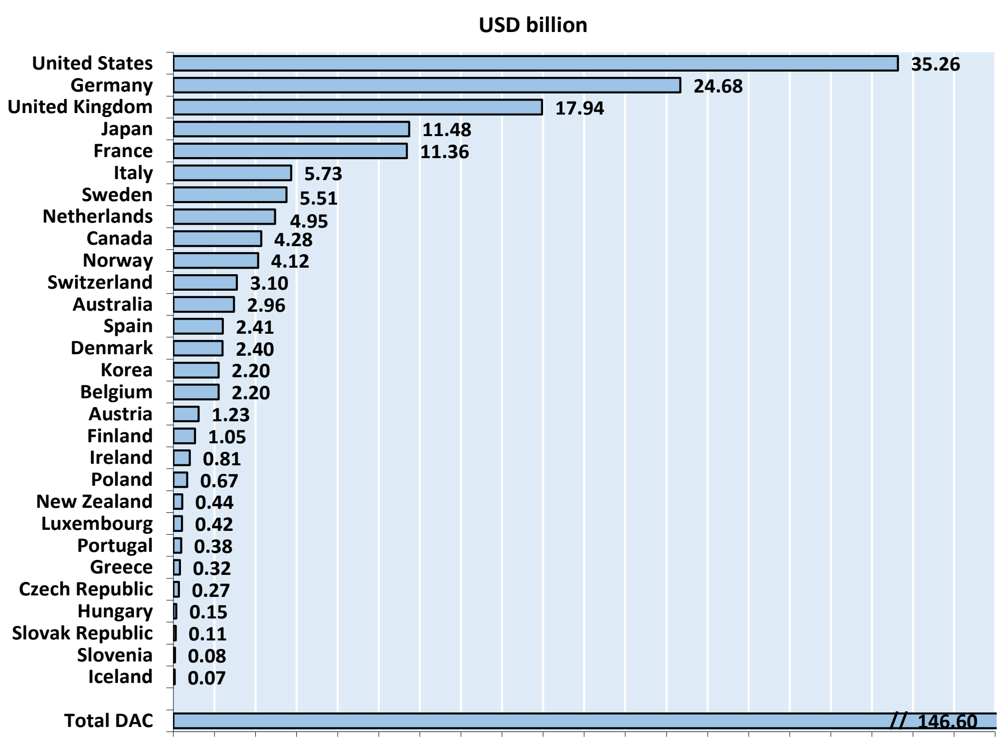
a. Excluding debt reorganisation. Equities are treated as having 100% grant element, but are not treated as loans.

b. c = compliance, n = non compliance.

.. Data not available.

Figure C.1. Net ODA from DAC countries in 2017





Annex D. Field visits to Bolivia and Mali

As part of the peer review of the European Union, a team of examiners from Canada and Japan visited Mali in May 2018 and the Plurinational State of Bolivia in June 2018. In both countries, the team met with officials from EU delegations, representatives of the host governments, civil servants, local authorities, other bilateral and multilateral partners, implementing partners, and representatives of civil society and private sector organisations.

Towards a comprehensive European Union development effort

Despite strong growth, Bolivia is one of the poorest countries in South America

As the largest DAC donor in Bolivia, the European Union (EU) is appreciated by all stakeholders for its staying power as other DAC providers exit. The EU has built a reputation as an honest broker in Bolivia through promoting dialogue and through programming in sensitive policy areas such as the fight against illicit drug trafficking, justice reform and the water sector, largely through budget support. Landlocked Bolivia is the fifth-largest country in South America. Two-thirds of its population of 11 million are indigenous peoples. For more than ten years, Bolivia has had one of the fastest economic growth rates in the world. Yet it remains one of the poorest countries in South America, with a medium ranking in the Human Development Index and a poverty level of 38.6%. Since 2009, Bolivia's solid economic growth has been accompanied by a process of important political and social reform. Extreme poverty dropped to 17% in 2014 from 37% in 2005and moderate poverty dropped in the same period to 39% from 59%, moving the country from low-income to middle-income status. However, Bolivia still faces considerable development challenges, evidenced particularly by the fact that that one in five people is undernourished, the highest rate in Latin America.

Mali epitomises current development challenges in fragile contexts

The EU is the top aid donor to Mali, providing official development assistance (ODA) that averaged USD 200 million in 2015-16. Mali faces multiple challenges. With 67% of its population under 25 years old,[1] a declining mortality rate and a high fertility rate (six children per woman - the third highest in the world), Mali's current population is expected to double by 2035. This high population rate explains, at least in part, high emigration rates from Mali, as the economy struggles to absorb such a rapid increase in population (EC, 2017). In addition, Mali is destabilised by both internal fragilities and an ongoing crisis in the region spanning from Libya to Nigeria. As in other fragile contexts, economic development alone cannot address the multiple drivers of conflict in Mali and development cannot happen without security. In the Malian context, the EU's engagement aims at preventing further destabilisation, not just for Mali but for the entire Sahel region.

Figure D.1. Aid in Bolivia

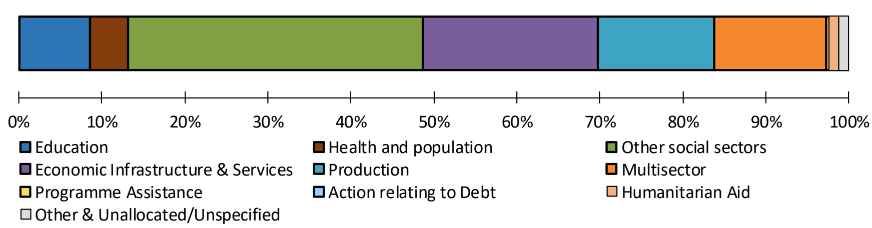
Bolivia

Receipts	2014	2015	2016
Net ODA (USD million)	675	791	696
Bilateral share (gross ODA)	42%	26%	28%
Net ODA / GNI	2.2%	2.5%	2.1%
Other Official Flows (USD mill	100	147	9
Net Private flows (USD millior	- 68	761	- 287
Total net receipts (USD millio	707	1 700	418

For reference	2014	2015	2016
Population (million)	10.6	10.7	10.9
GNI per capita (Atlas USD)	2 870	3 000	3 070

Top Ten Donors of gross ODA (2015-16 average)		(USD m)
1	IDB Special Fund	352
2	International Development Associatior	119
3	EU Institutions	63
4	Switzerland	36
5	Germany	33
6	Denmark	24
7	Sweden	23
8	Korea	21
9	Belgium	18
10	OPEC Fund for International Developm	17

Bilateral ODA by Sector (2015-16)



Source: OECD - DAC, World Bank; www.oecd.org/dac/stats.

Figure D.2. Aid in Mali

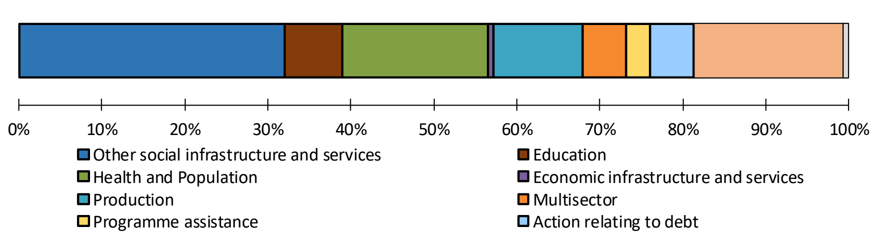
Mali

Receipts	2014	2015	2016
Net ODA (USD million)	1 236	1 204	696
Bilateral share (gross ODA)	55%	55%	55%
Net ODA / GNI	9.1%	9.7%	8.9%
Other Official Flows (USD mill	19	42	1
Net Private flows (USD millior	- 118	29	114
Total net receipts (USD millio	1 137	1 275	1 325

For reference	2014	2015	2016
Population (million)	17.0	17.5	18.0
GNI per capita (Atlas USD)	790	760	750

Top Ten Donors of gross ODA (2015-16 average)		(USD m)
1	EU Institutions	199
2	United States	187
3	International Development Associatior	172
4	France	119
5	Canada	88
6	Germany	56
7	African Development Fund	47
8	Netherlands	36
9	Switzerland	35
10	Sweden	34

Bilateral ODA by Sector (2015-16)



Source: OECD - DAC, World Bank; www.oecd.org/dac/stats.

The European Union is playing to its strengths in both Bolivia and Mali

The European Union is a valued partner in Bolivia based on its perceived neutrality, significant technical capacity and comparative advantage in providing significant resources through a range of instruments and in line with Paris and Busan commitments. In line with the Consensus, the EU is carrying out its co-ordinating role in Bolivia by promoting strategic-level harmonisation among member states and Switzerland, notably through its European Joint Strategy agreed with the government of Bolivia. This represents a significant step in the EU's commitment to joint programming for improved development effectiveness and lower transaction costs. Nonetheless, further efforts are needed if the EU is to move from a process of joint strategising to joint implementation of European development co-operation in the country. This includes further developing its results orientation, clarifying the current intention of the strategy to replace individual member-country programme strategies and further considering how the joint strategy fits within broader whole-of-government member country engagement.

In Mali, and against a backdrop of increasing insecurity and a challenging governance environment, the EU is widely appreciated for its leadership, significant resources and holistic approach to supporting humanitarian, development and security needs, including through periods of crisis. Co-ordinating all streams of the EU's response to the crisis in Mali remains a challenge for the EU when different funding instruments are deployed in parallel in a context of ongoing instability. However, the EU is making important progress in this area by ensuring that instruments work together coherently.[23] Pragmatism and goodwill prevail in the field, with joined-up approaches and functioning links between programmes. For instance, the EU Training Mission in Mali (EUTM) supports the EU's State-building Contract budget support efforts in Mali by helping to determine security indicators in the form of human resource policies for the Mali Armed Forces. In the years ahead, the government of Mali and other development partners recognise that ongoing sustained support from the EU will be critical not only for the future stability and development of Mali but also for the entire Sahel region.

As such it will be particularly important to manage any financing or policy risks around the impending departure of the United Kingdom from the EU and to ensure there is no significant financing gap in the lead up to the proposed Multiannual Financing Framework 2021-27.

Policies, strategies and aid allocation of the European Union

A coherent use of instruments in Mali that is driven by country needs, but some structural challenges persist

The EU resumed its development co-operation programme in 2013 following adoption by the Mali government of what was called a "roadmap for transition". An international donor conference in that year led to the design of the Recovery Plan of Mali (*Plan pour la Relance Durable du Mali,* or PRED) for 2013-14. Donors pledged a total of EUR 3.25 billion at the conference. The EU pledged EUR 523 million of that total, resulting in an increase of Mali's 10th European Development Fund (2008-13) envelope to EUR 728 million from EUR 533 million.

In the absence of an up-to-date national plan in Mali, the EU makes use of almost all relevant instruments for its programming, apart from Common Security and Defence Policy (CSDP) missions. While co-ordination among different actors and instruments usually works well in practice and transparency is increasing, the EU lacks a clear, consolidated strategy or narrative outlining its objectives in Mali that articulates how different actions and instruments fit together under a common results framework. Developing such a narrative, which could also be adjusted to the rapidly changing environment, would help the EU to communicate the value of its actions more clearly to Malian stakeholders, other development partners and EU domestic audiences.

To better link security and development efforts, the EU brings together different programmes and instruments towards common objectives. For example, support to education in central Mali is connected to the EDF's school feeding programmes and to the programme of support for enhanced security (*Programme d'appui au renforcement de la sécurité*, or PARSEC) funded by the EU Emergency Trust Fund for Africa (EUTF). A specific indicator on school feeding is also part of the EU budget support to Mali.[4] The division of labour with humanitarian actors is clear, with DG ECHO supporting education exclusively in Northern Mali. Focusing different short-term and long-term instruments on a limited number of key sectors and engaging the government through specific indicators represents good practice in a fluid context like Mali, where development needs exceed the national capacity to reform and implement changes.

As a committed humanitarian provider in Mali, DG ECHO is focusing its interventions on malnutrition management and primary healthcare in Northern Mali.[5] While the crisis has exacerbated humanitarian needs, current challenges are structural. For example, the EU's humanitarian aid is continuing to provide access to primary healthcare in Northern Mali, delivering better outcomes than before the crisis.[6] As healthcare is not a priority sector for DG DEVCO, there is no prospect envisaged for DG ECHO to withdraw from Northern Mali. As such, the division of labour among humanitarian aid, development co-operation and stabilisation is a pragmatic. But better use of assessments on value for money would facilitate the transfer of some DG ECHO activities to DEVCO or other development actors, where possible, and to increase the cost effectiveness of the EU's activities and extend its reach across vulnerable communities.

The Joint European Strategy for Bolivia is impressive, but development finance needs a more comprehensive strategy

Bolivia is the largest recipient of bilateral EU development assistance in Latin America after Haiti, receiving EUR 281 million from 2014-20. From 2008 to 2016, Bolivia's external partners for development have contributed more than USD 600 million per year to support activities related to poverty reduction. Nevertheless, as a result of strong economic growth and the increase of internal resources, the relative importance of donor resources to Bolivia's public expenditure has gradually decreased.

In May 2018, EU Development Commissioner Neven Mimica announced a 2017-20 Joint European Strategy for Bolivia with indicative funding of EUR 530 million. Under this strategy, all member states present in Bolivia (Belgium, Denmark, France, Spain, United Kingdom, Italy, Sweden and Germany) plus Switzerland have agreed to align and co-ordinate their development co-operation to strengthen impact and improve the effectiveness of their efforts. The strategy covers eight sectors informed by Bolivia's long-term vision, the 2025 Patriotic Agenda (*Agenda Patriotica 2025)*. The sectors are culture and tourism; rural development and food security; the fight against drug trafficking; education; governance; environment and climate change; health; and economic development and employment. EU interventions are drawn up within the broader context of EU external policies, notably the Agenda for Change and the EU Strategic Framework and Action Plan on Human Rights and Democracy as well as the 2030 horizon and the international commitments on climate change.

In Bolivia, the EU's development co-operation is aligned with the government's Medium-term 2016-2020 Development Plan and prioritises work in justice, environment and water, and the fight against drug trafficking. Through its significant use of budget support, which makes up 75% of its expenditure in Bolivia, the EU has demonstrated a commitment to accompanying the government of Bolivia on its current development path. At the same time, greater attention is needed to ensure that budget support does not crowd out government expenditure in those priority areas and thus ensure sustainability of gains made through budget support when the EU programme ends. Similarly, taking account of Bolivia's growing interest in knowledge exchange, the EU could consider the potential for expanding its use of technical assistance for capacity building and knowledge sharing, including through South-South and triangular co-operation.

In line with its global leadership on the Addis Ababa Action Agenda, the European Union is committed to expanding development finance in Bolivia. In particular, the EU works with multilateral development banks and development finance institutions to blend grants to make sovereign loans concessional. While this modality is increasing finance for development in Bolivia, it should not undermine the rationale of these institutions to provide non-concessional loans to countries that have graduated from IDA status. In this context, the EU could benefit from analysis on how best to contribute to development finance efforts in Bolivia, working together across the programming cycle with the European Investment Bank and taking new flows of external finance from China and India into account.

Organisation and management

Procedural complexity and human resource management are key challenges

While the rationale for deploying EU instruments in Mali is clear and coherent, EU procedures are designed for development co-operation in a non-crisis context. This represents a challenge for designing a comprehensive approach at the implementation stage in fragile contexts such as Mali, where aid is not concentrated on infrastructure or services but targets security and reform measures. A flexible approach to decision making and securing funds is required, but is hampered when disbursement must follow different procedures according to whether a project is funded through the European Development Fund, the EUTF or Foreign Policy Instruments.

As the EU continues to roll out organisational reform and efforts on service level agreements, further consideration must be given to how best to ensure it has the right capabilities in the right places. This could include reviewing differences in salary structures and staff conditions for the five different categories of employment at post and looking more closely at development and mobility opportunities for local staff. One way to promote fair work practices and potentially contribute to better work-life balance would be to standardise human resource policies across delegations to reduce discrepancies in conditions for staff employed through different regimes. For example, as found in Bolivia, employees with young children at delegations do not benefit from the more generous parental and carers' leave conditions that are available to employees at headquarters. To address such staff development issues, the EU could consider adopting some of the good practices of its EU member states.

As found in both Bolivia and Mali, the EU's development co-operation remains administratively heavy. To reduce this burden and increase efficiencies, the EU would do well to ensure the applications developed in Brussels consider needs in the field by reducing parallel processes and freeing up senior officials in delegations for more strategic work. As well, the EU could go further in its efforts to make planning, approvals and contracting for its activities less time-intensive. Finally, increasing delegation of authority at country level through learning from the good practices of other donors would help to increase the flexibility of the EU to respond faster to changes in context.

Partnerships, results and accountability

The EU is strengthening its partnerships in Bolivia and Mali

In addition to strengthening its own co-ordination with member states through joint programming approaches, the EU partners with civil society in Mali and Bolivia. For example, the EU is providing support for civil society groups in both countries working on politically sensitive issues including human rights and democracy, prevention of gender-based violence, child protection, and sexual and reproductive rights. In addition, the EU devotes significant resources to working with civil society organisations and networks as implementers while simultaneously maintaining policy dialogue and a close relationship with the governments. Implementing partners value the EU's inclusive programming practices, which they find predictable, fair and results-orientated. However, the EU could do more to promote more strategic-level partnerships with civil society, particularly in Mali where there is a clear need to strengthen the capacity of civil society to hold government to account; this, in turn, would help to sustain the EU's efforts in Mali.

The EU could further pursue untying

In advancing its significant efforts to untie aid, the EU could re-examine whether its framework agreements for provision of technical assistance, agreed in Brussels, do not result in preferential treatment for European consultants and companies. As the review team observed in Bolivia, opening this mechanism to locally and regionally-sourced technical assistance would enable procurement from a wider pool, enable more South-South relevant expertise and potentially lower costs.

Frameworks for results, evaluations and knowledge sharing need strengthening

The EU's approach to results is aligned with both Bolivia and Mali's national development plans, which enables good dialogue with these governments on reforms. At the same time and as evidenced in Bolivia, some indicators on budget support agreed with the government - important because disbursements are made against the achievements - prioritised processes rather than outcomes. These also provided limited incentives to support key reforms including those that might support achievement of the Sustainable Development Goals.

Evaluations are managed by delegation staff with government and key partners, which leads to high levels of ownership and increases the relevance of findings. However, there is little evidence that lessons from the field support organisational learning at headquarters. Thus, a more systematic knowledge sharing across the EU's development co-operation system, including between headquarters and the field, would improve its evidence base for decision making and strengthen organisational learning. Seminar-based learning programmes to share knowledge among delegations are particularly appreciated by staff.

The EU could therefore benefit from adopting a more strategic approach to learning including by examining good practices of other donors.

Notes

[1] See Index Mundi for the Mali demographics profile, 2018, at https://www.indexmundi.com/mali/demographics_profile.html (accessed 2 July 2018).

[2] The EU delegation in Bamako is managing mainly the EDF funds in line with the EU's pre-crisis development co-operation. But, since 2013, a range of new instruments have been managed in parallel from Bamako, from Dakar and/or from headquarters in Brussels.

[3] The EU appointed a Special Representative for the Sahel in 2013 to promote EU policies and interests while following the Mali peace process. Although based in Brussels, the Special Representative plays a role in co-ordinating the EU's comprehensive approach to the regional crisis. In addition, the EUTF is managed centrally from Brussels with inputs from the EU delegation in Bamako. The Instrument contributing to Stability and Peace and humanitarian aid also are both managed in Brussels with regional support from their respective offices in Dakar.

[4] The indicator is: "Validation de la Loi réglementant l'alimentation scolaire en Conseil des Ministres et transmission à la Délégation de l'Union Européenne des projets de décret d'application (si pertinent)." It is found in the unpublished budget support results indicator matrix of the government of Mali.

[5] See the *EDRIS database* at https://webgate.ec.europa.eu/hac/ (accessed 2 July 2018).

[6] The Mali healthcare system is based on cost recovery, whereas humanitarian intervention subsidises access to healthcare. Northern Mali represents approximately 10% of the Malian population and 50% of the Malian territory, which implies that a cost recovery healthcare system cannot sustain a proper healthcare territorial grid.

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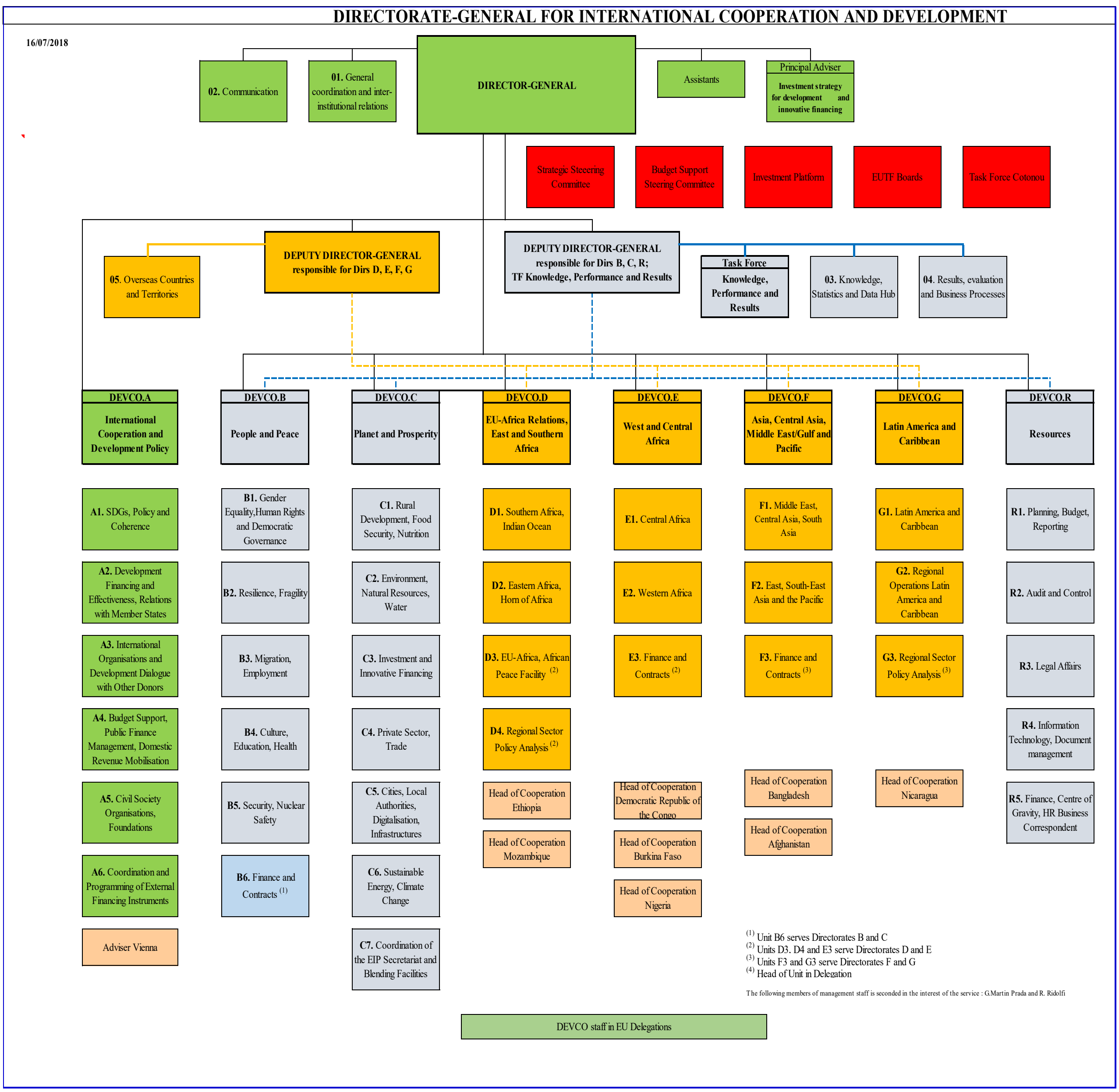
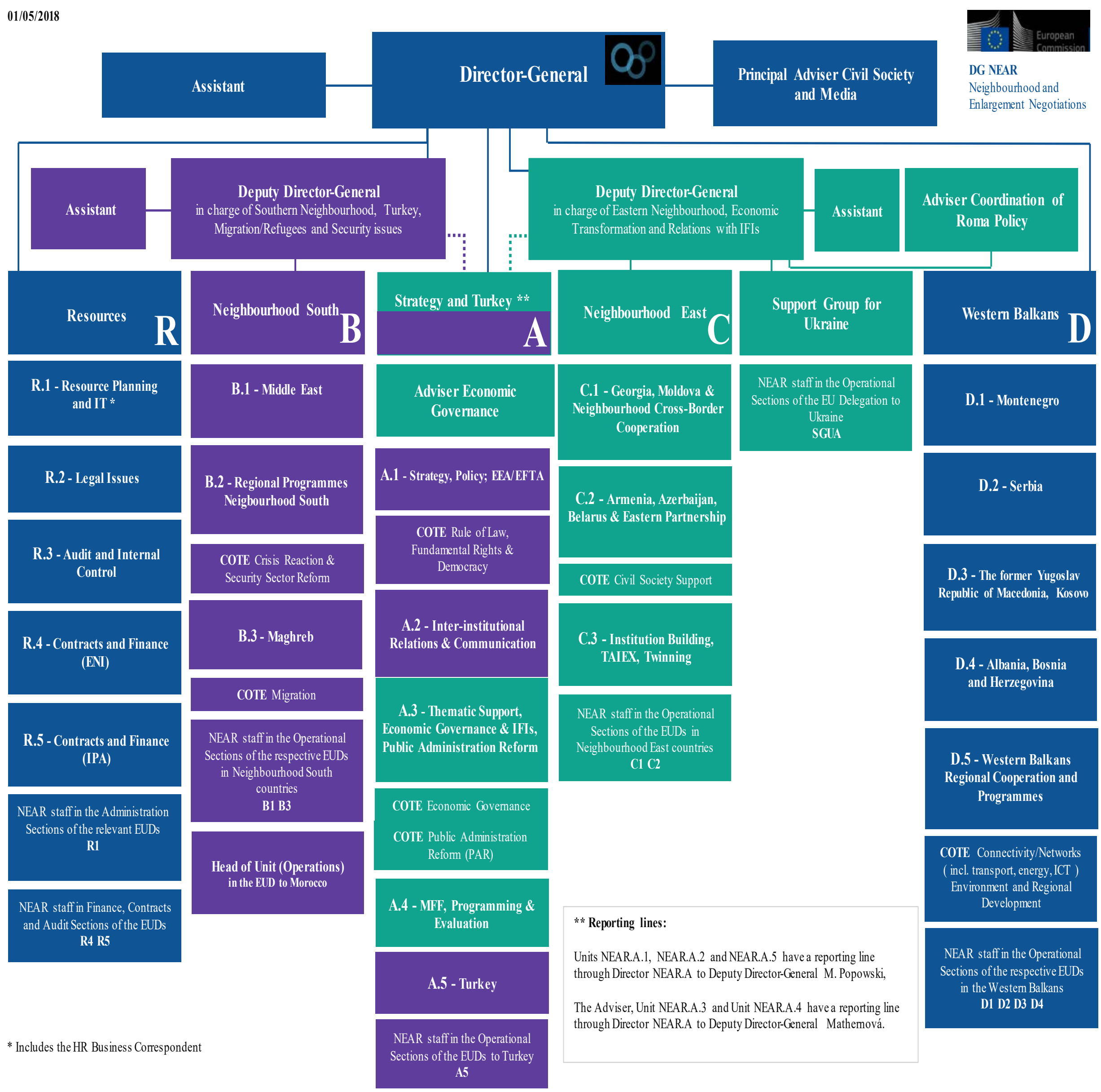
Annex E. Organisational charts

Figure E.1. Directorate-General for International Cooperation and Development (DG DEVCO)



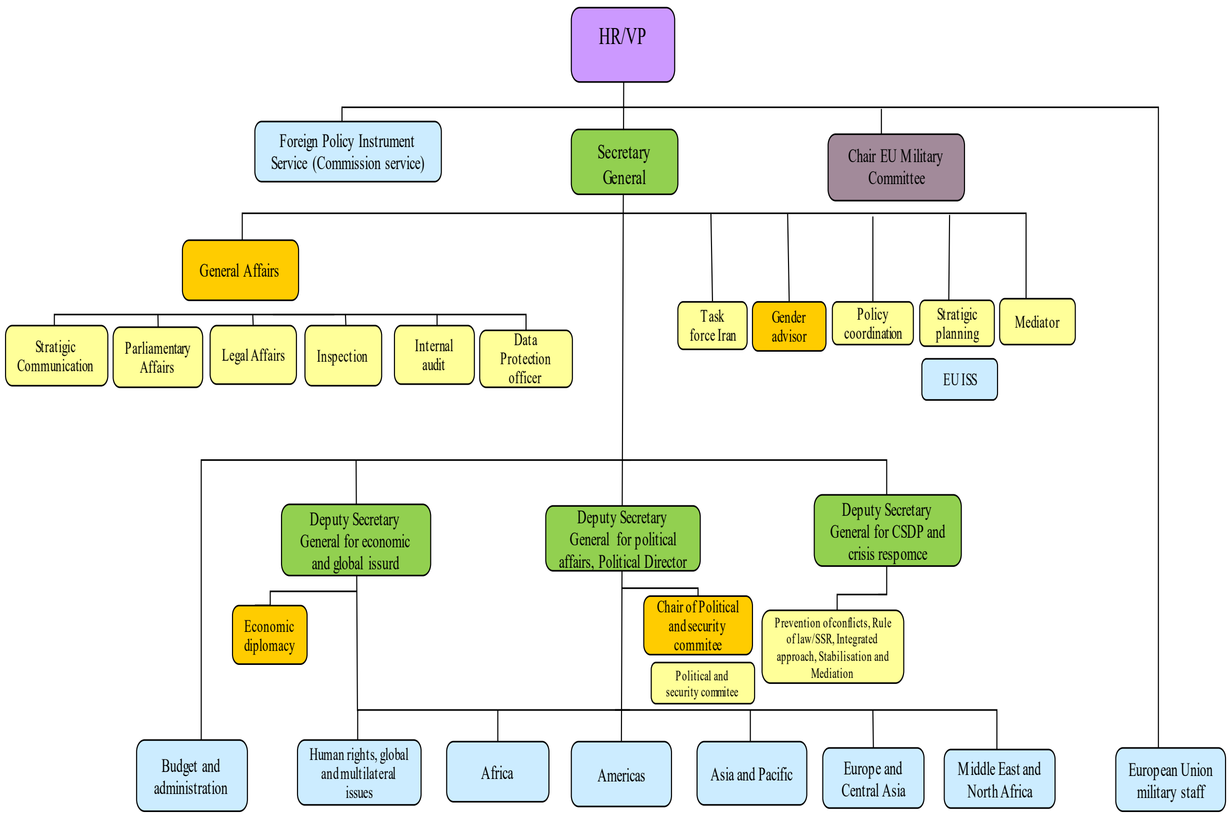
Source: European Commission (2018), "Memorandum of the European Commission to the OECD DAC Peer Review", unpublished.

Figure E.2. Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR)



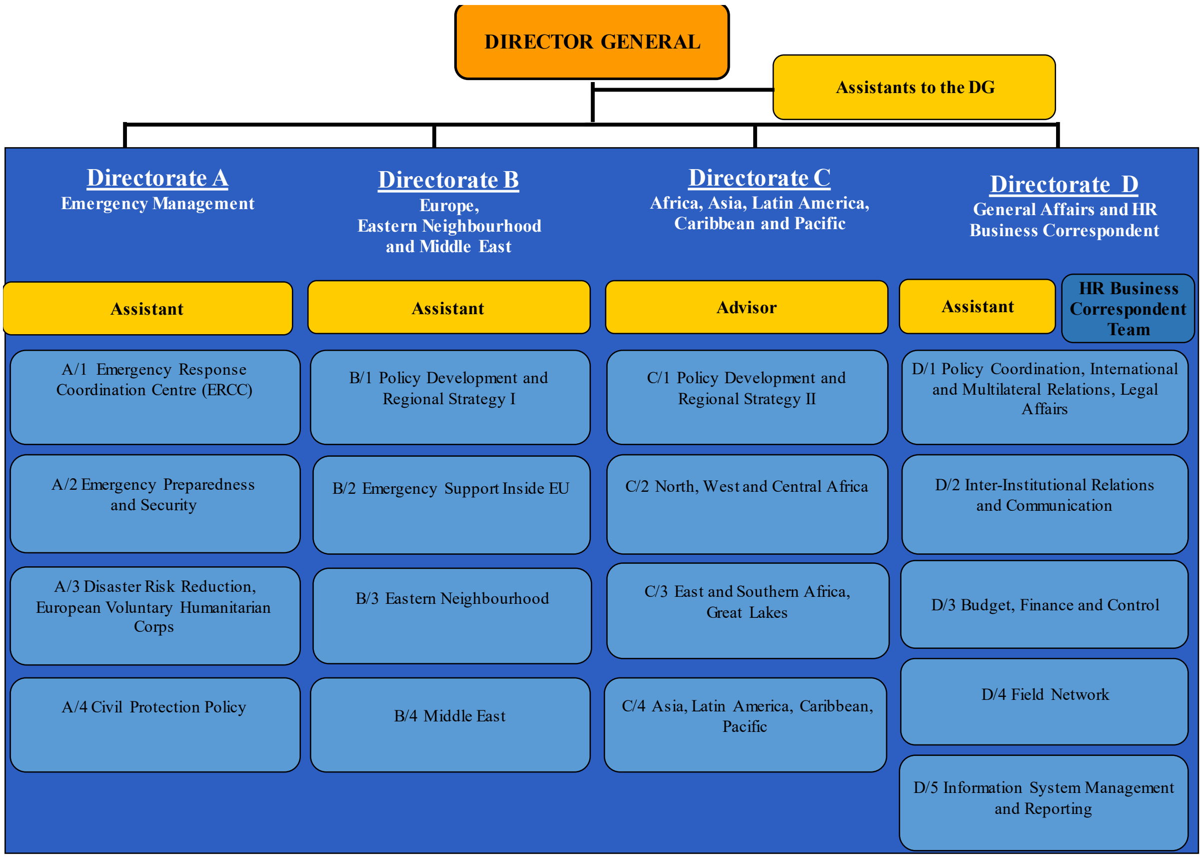
Source: European Commission (2018), "Memorandum of the European Commission to the OECD DAC Peer Review", unpublished.

Figure E.3. European External Action Service



Source: European Commission (2018), "Memorandum of the European Commission to the OECD DAC Peer Review", unpublished.

Figure E.4. Directorate-General for European Civil Protection and Humanitarian Aid Operations



Source: European Commission (2018), "Memorandum of the European Commission to the OECD DAC Peer Review", unpublished.

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