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Development Assistance Committee (DAC)
PEER REVIEW

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The OECD is a unique forum where the governments of 31 democracies work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

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Also available in French under the title:

Comité d'aide au développement
Examen par les pairs
Belgique

The Peer Review Process

The 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 four or five years. Five members are examined annually. The OECD's Development Co-operation Directorate provides analytical support and is responsible for developing and maintaining the conceptual framework within which the Peer Reviews are undertaken.

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 NGO representatives of 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.

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 Secretariat in association with the examiners.

This review contains the Main Findings and Recommendations of the Development Assistance Committee and the report of the Secretariat. It was prepared with examiners from Canada and Switzerland for the Peer Review on 2 June 2010.

In order to achieve its aims the OECD has set up a number of specialised committees. One of these is the **Development Assistance Committee**, whose members have agreed to secure an expansion of aggregate volume of resources made available to developing countries and to improve their effectiveness. To this end, members periodically review together both the amount and the nature of their contributions to aid programmes, bilateral and multilateral, and consult each other on all other relevant aspects of their development assistance policies.

The members of the Development Assistance Committee are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States and the Commission of the European Communities.

ACRONYMS

AAA	Accra Agenda for Action
BFFS	Belgian Fund for Food Security
BIO	Belgian Investment Company for Developing Countries
BTC	Belgium Technical Co-operation (public corporation)
CGIAR	Consultative Group on International Agricultural Research
CERF	Central Emergency Response Fund
CHAP	Common Humanitarian Action Plans
CSO	Civil society organisation
DAC	Development Assistance Committee
DEVCOM	Informal Network of Development Communicators
DGDC	Directorate General for Development Co-operation
DRR	Disaster risk reduction
EIA	Environmental impact assessment
EIDDD*	Analysis of the impact of decisions on sustainable development
EMAS	Eco-Management and Audit Scheme
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign direct investment
FPS	Federal Public Service
FPSFA	Federal Public Service Foreign Affairs, Foreign Trade and Development Co-operation
GDP	Gross domestic product
GEF	Global Environment Facility
GHD	Good humanitarian donorship
GNI	Gross national income
ICP	Indicative Co-operation Programme
ICRC	International Committee of the Red Cross
IFAD	International Fund for Agricultural Development
IFIs	International financial institutions
IFRC	International Federation of Red Cross and Red Crescent Societies (IFRC)
ILO	International Labour Organization
INCAF	International Network on Conflict and Fragility
IOM	International Organization for Migration
LDC	Least developed country
MDG	Millennium Development Goal
MIC	Middle-income country
MONUC	United Nations Organisation Mission in the Democratic Republic of Congo

MOPAN	Multilateral Organisations Performance Assessment Network
NGO	Non-governmental organisation
OCHA	Office for the Co-ordination of Humanitarian Affairs (United Nations)
ODA	Official development assistance
PCD	Policy coherence for development
PIU	Parallel implementation unit
PRSP	Poverty reduction strategy paper
SEA	Strategic environmental assessment
SME	Small and medium-sized enterprise
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNIFIL	United Nations Interim Force in Lebanon
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WFP	World Food Programme
*	Denotes acronyms in original language

Signs used:

EUR	Euros
USD	United States dollars
( )	Secretariat estimate in whole or part
-	(Nil)
0.0	Negligible
..	Not available
…	Not available separately, but included in total
n.a.	Not applicable

Slight discrepancies in totals are due to rounding.

Exchange rates (EUR per USD) were:

2007	**2008**	**2009**
0.7305	0.6933	0.7181

Belgium's aid at a glance

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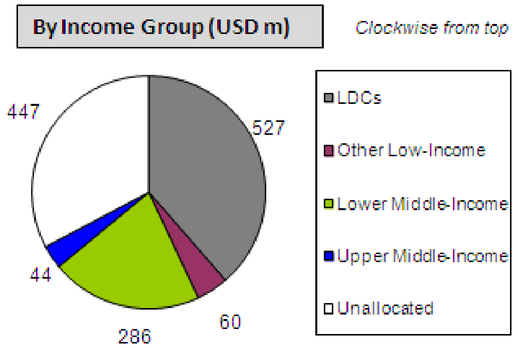
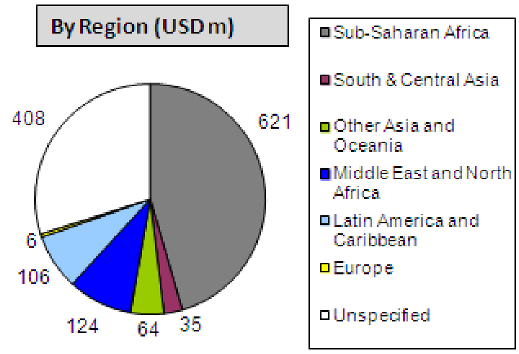
Gross Bilateral ODA, 2007-08 average, unless otherwise shown

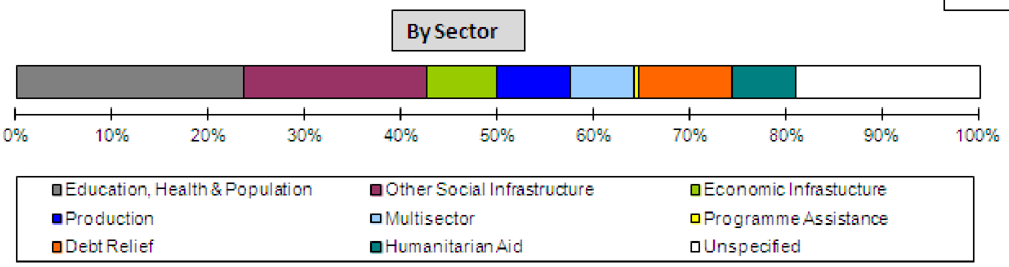
Net ODA	2007	2008	2009 (p)	Change 2008/09
Current (USD m)	1 951	2 386	2 601	9.0%
Constant (2008 USD m)	2 094	2 386	2 661	11.5%
In Euro (million)	1 425	1 654	1 868	12.9%
ODA/GNI	0.43%	0.48%	0.55%	
Bilateral share	63%	58%	61%	

P. Provisional data

Top Ten Recipients of Gross ODA (USD million)	
1 Congo, Dem. Rep.	192
2 Rwanda	54
3 Iraq	53
4 Cameroon	46
5 Burundi	43
6 Palestinian Adm. Areas	25
7 Mozambique	25
8 Viet Nam	25
9 Peru	24
10 Senegal	22
Memo: Share of gross bilateral ODA	
Top 5 recipients	28%
Top 10 recipients	37%
Top 20 recipients	50%







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THE DAC'S MAIN FINDINGS AND RECOMMENDATIONS

Overall framework for development co-operation

Legal and political orientations

New momentum for aid reform

Belgium's development co-operation has gained new momentum over the last two years, driven by international commitments and a process of self-reflection. New policies have been issued, aid management reforms have advanced, a new law on development co-operation is being prepared, and Belgium has acted on many of the recommendations of the last peer review. All these reforms are driven by a political will to modernise Belgium's development policy and make it more effective in line with relevant international initiatives such as the Paris Declaration on Aid Effectiveness and the Code of Conduct on Complementarity and the Division of Labour of the European Union (EU). As Belgium is preparing its new law, the DAC encourages it to maintain enough flexibility to be able to adapt its objectives to the evolving international co-operation context.

The 1999 *Law on International Co-operation* states that "the primary objective of Belgian International Co-operation is sustainable human development, to be achieved by combating poverty". Belgium's Law on State Accountancy, which requires government to set out every year how it will achieve spending 0.7% of Belgium's gross national income (GNI) as official development assistance (ODA), has been essential in securing the financial means for this. Since 2005, the Millennium Development Goals (MDGs) have become additional drivers of development co-operation. Belgium's special focus on Central Africa, given its historic ties with the Great Lakes Region, has meant that a significant part of its development co-operation occurs in fragile situations. Accordingly, poverty reduction is seen as part of a larger global security agenda in the government's programme for 2008-2011.

The need for a common vision supported by a mid-term strategy

The strategic framework that guides Belgian development co-operation actors includes the 1999 *Law on International Co-operation*, laws governing specific actors of Belgian development co-operation, various royal decrees, strategies of actors related to the federal level, and separate strategies by federated entities. To avoid this complexity causing undue transaction costs to Belgium's partner countries, it is crucial that the various actors delivering Belgian aid co-ordinate their approaches. Belgium needs a shared vision of development objectives, developed through a dialogue involving all stakeholders. Based on its collaboration with the various agencies, federated entities, parliament, and civil society actors that implement Belgian ODA, the Federal Public

Service Foreign Affairs (FPS Foreign Affairs) should initiate this dialogue to secure broad ownership of a longer-term vision. A medium-term strategy for governmental actors could help to translate such a vision into a framework of action, developed in a co-ordinated approach, which enhances synergies. It could capture operational priorities for what is to be achieved with ODA in the medium term. The complementary mission statements of the Directorate-General for Development Co-operation (DGDC) and Belgian Technical Co-operation (BTC) should derive from this medium-term strategy. Indicative co-operation programmes should become inclusive operational tools oriented towards achieving results in priority sectors in the medium term and reconciling political, development and humanitarian objectives. This could help to translate recent constructive policy changes initiated by DGDC into explicit commitments for the next few years, link the objectives of Belgium’s players in development co-operation and thereby help achieve better internal coherence and better results.

Developing operational, up to date strategies for sectors and cross-cutting issues

Belgium is commended for focusing on a limited number of sectors and cross-cutting issues. In 2008, in the spirit of the Paris Declaration and the EU Code of Conduct, it reduced the number of sectors in each country programme to two, and to three for its Central African partner countries. These are selected from Belgium’s five sectors for governmental co-operation defined in the 1999 law: (i) basic health care; (ii) education and training; (iii) agriculture and food security; (iv) basic infrastructure; and (v) conflict prevention and the strengthening of societies by promoting respect for human dignity, human rights and fundamental freedoms. The law also sets four cross-cutting issues - the environment, gender equality and women’s rights, participatory economic development, and children’s rights.

Although the 1999 law on international co-operation stipulates that each priority sector and cross-cutting issue must be backed by a strategy that is updated every four years, Belgium has not kept to this schedule. Most of its policies date back to 2002 and provide little operational guidance, which has meant that DGDC and BTC staff do not use them systematically. Belgium should develop new strategies for its priority areas that define clear objectives and results and are supported by appropriate implementation tools. It should regularly review them in line with operational good practice. Partners implementing Belgian aid related to a sector priority should do so in line with the relevant strategy. Efforts to address cross-cutting issues could also be strengthened by defining clear objectives and providing the appropriate tools and human resources to meet them.

Ensuring a whole-of-government approach to fragility

One-third of Belgium’s partner countries are fragile states. Indeed, the Minister of Development Co-operation’s 2009 Policy Note to parliament makes adapting aid policies to fragile situations a priority, and puts this high on the agenda for Belgium’s presidency of the EU in 2010. However, Belgium is struggling to translate this political priority into its operations, and to make consistent use of international good practice. A key challenge is to move beyond discussions about definitions of fragility, and establish the links between political, security and development objectives. Thus, Belgium should reconcile security-oriented approaches focusing on peace building, demobilisation and security sector reform, with the development priority of state building. It should fully take account of the *Principles of Good International Engagement in Fragile States and Situations* in its co-operation programmes. To strengthen its engagement in fragile contexts Belgium needs a whole-of-government approach to take account of co-ordination, complementarity and coherence (3C). Belgium is encouraged to adopt risk management strategies for its programmes in partner countries where instability and limited government capacity affect the implementation of its aid. It could draw more on, and share with other donors, its research and extensive knowledge of working in fragile contexts with weak governance.

Continued investment in public support

Belgium considers public support for development co-operation very important. Its 1999 law on international co-operation lists awareness raising as a key instrument for achieving its development objectives. At EUR 28 million (USD 41 million, 1.4% of ODA), Belgium's spending on awareness raising and communication is among the highest in the DAC. Its further increase of this budget in 2010 to 1.52% of ODA is a clear sign that this continues to be a priority. Achieving this would be helped by having an overall strategy. With a variety of actors involved – such as the DGDC, several sections within FPS Foreign Affairs, and Belgian Technical Co-operation (BTC) - a communication strategy would ensure that all players are sending out consistent messages. The strategy should lead to messages that address the interests and concerns of the public, as revealed in recent surveys, and provide evidence of Belgium's development impact wherever possible.

Promoting policy coherence for development

The need for a better understanding of policy coherence and a policy statement

In 2009, an agreement between NGOs and the Government, and a memorandum from DGDC stressed the need to tackle policy coherence for development at the ministerial level. Belgium's legislation does not ensure that domestic and foreign policies support, or at least do not undermine, efforts of developing countries to achieve sustainable and broad-based development. Also, policy coherence for development has often been misinterpreted as the co-ordination among the various entities that deliver Belgian aid, rather than the coherence of domestic and foreign policies with development goals. An explicit policy statement, endorsed at the highest political level, is therefore needed. It should confirm all ministries' commitment to policy coherence for development and outline how they will promote this. Belgium should also promote a better understanding amongst government entities and the wider public of what policy coherence for development actually means.

Identifying an institutional framework

Belgium has several inter-ministerial mechanisms for co-ordinating its policy positions and operational approaches. Good examples include its co-ordination body COORMULTI and the inter-departmental working group on Central Africa. However, the Council of Ministers is the only structure with the competence to co-ordinate and decide government policy. A more deliberate use of this body will be necessary to make progress towards policy coherence, as the last peer review pointed out. Once a statement on policy coherence for development is in place, Belgium should identify the institutional framework and tools it will use to implement and monitor it, and to report on it. In doing so, it can build on its experience in ensuring sustainable development. The administration is encouraged to draw on the analytical capacity of NGOs and academia to monitor the impact of specific policies on development.

Recommendations

The DAC welcomes Belgium's efforts to fulfil international commitments. Building on this, Belgium should:

- Develop a common vision of development co-operation through dialogue involving all the public actors delivering Belgian ODA. A medium-term strategy should translate this vision into operational and strategic priorities for development programming.

- Ensure that sector and cross-cutting strategies are up to date, maximise the synergies among the various entities delivering Belgian aid, are guided by operational good practice and oriented towards results.

- Formulate a whole-of-government position for Belgium's engagement in fragile contexts which is built on good practice, links efforts to bring about peace and security with state building and poverty reduction efforts, and is translated into operations.

- Develop an explicit policy statement on policy coherence for development, and promote a better understanding of this concept amongst government entities and the wider public. Identify the institutional framework and tools Belgium will use to implement and monitor the coherent use of all policy levers for development, and to report on it.

Aid volume, channels and allocations

Setting a good example in turbulent times

Belgium has substantially increased its ODA budget. It is firmly committed to its pledge made in 2002 in Monterrey to reach a 0.7% ODA/GNI ratio by 2010, which will exceed the EU target of 0.51%. It is in a good position to do so despite the economic crisis. Belgium currently ranks 6th among DAC members in terms of aid as a percentage of GNI and 14th in terms of volume. According to preliminary figures, its ODA reached USD 2.6 billion in 2009, an increase of 44% in real terms over 2004. The ODA/GNI ratio rose from 0.41% to 0.55% over the same period. The fact that the Monterrey target is enshrined in Belgium's legal framework is helping the country to meet it. Projections indicate that the ODA/GNI ratio will probably rise to 0.7% in 2010. This would allow Belgium to join the five donors who have already met this mark. The DAC commends Belgium for this effort and encourages it to follow it through.

The need for a medium-term strategy to sustain the 0.7% goal

Although debt relief did not contribute to the growth of Belgian ODA in recent years, it appears that if Belgium reaches its goal of 0.7% of ODA/GNI in 2010, it will be due, in part, to exceptional debt relief. Since this part of aid is, however, expected to decline in 2011, Belgium will need to ensure that other components of ODA grow if it intends to sustain this ratio beyond

2010. Positive indications include its intention to scale up governmental co-operation and its doubling of the budget envelopes for the 13 indicative co-operation programmes signed since 2008, but additional resources will need to be invested in development to guarantee an increase. As part of a medium-term strategy for development co-operation, Belgium should therefore adopt an explicit medium-term budgetary plan.

Geographic concentration: on the right track

Belgium focuses on 18 partner countries and its geographic allocation of ODA reflects its policy and strategic principles. In line with its commitment to Central Africa, the three focus countries in this region – Burundi, Democratic Republic of the Congo and Rwanda – are among the top five recipients of Belgian aid, together receiving 21% of gross bilateral ODA. Belgium also follows the principle set out in the 1999 law that the degree of poverty is the first criterion for selecting focus countries. Belgium allocates a larger share of bilateral ODA to sub-Saharan Africa (58% in 2008) and to least developed countries (55%) than the DAC average. It is also living up to its decision to concentrate more aid on fewer countries. It has set itself the goal of being among the top 10 donors in at least 10 of its poorest focus countries. This strategic allocation of resources to the poorest countries is noteworthy.

Belgium dedicates one-third of its portfolio to fragile contexts. As there is a risk of not being able to implement planned development programmes and spending plans, Belgium should elaborate a risk strategy for its overall ODA, and prepare different scenarios.

The need to spend Belgian aid strategically

There is scope for Belgium to make more use of channels that fund programmes agreed upon with partner countries, thus promoting their ownership of development processes. While DGDC continues to deliver the bulk of Belgian aid – 66% in 2008 – only about 16% of total Belgian ODA is implemented through indicative co-operation programmes, which are agreed with the partner countries. Increasing this share would strengthen the potential of Belgian bilateral aid to foster local ownership of the development process.

Strong and increasingly efficient support to multilateral organisations

Belgium considers multilateralism to be a crucial foreign policy instrument. This is reflected in the 40% share of Belgian gross ODA to multilateral agencies' core budgets, mainly EU institutions and the International Development Association (IDA). This is well above the DAC average of 26%, and efforts to formulate a Belgian strategy for multilateral co-operation, as recommended by the last peer review, are therefore timely. Belgium decided to direct all of DGDC's voluntary contributions to the multilateral agencies' core budgets starting 2009, and to refrain from earmarking funding for specific projects. This new approach is positive and should be expanded as far as possible to cover multilateral contributions by other public entities for the benefit of all of Belgium's multilateral partners.

Belgium is represented on the boards of international financial institutions (IFIs) through the FPS Finance, while DGDC only has an advisory role. To promote Belgium's development perspective in the governance of IFIs, DGDC should be given a greater role in formulating and representing the Belgian position, in particular with regard to Bretton Woods institutions.

Recommendations

Belgium is commended for making substantial increases to its ODA budget, for its efforts to meet its international targets, and for its strategic allocation of ODA in geographic terms. It now needs to:

- Define a medium-term budgetary plan for how it will secure increased ODA resources in light of its 0.7% ODA/GNI target beyond 2010.
- Anticipate difficulties in implementing bilateral co-operation and spending plans in fragile contexts, and address this through flexible financial programming and risk strategies.

Organisation and management

The challenge to deliver as one

Initiatives since 2008 have brought new and positive impetus to the modernisation of Belgium's development co-operation system that began with the Copernicus government reform in 1999. However, Belgium's development co-operation system remains complex. It involves ministries, non-governmental actors and several agencies at the federal level - such as BTC, the Belgian Investment company BIO, the Belgian Fund for Food Security and B-FAST. Some of these agencies are steered by DGDC, others by other units in the FPS Foreign Affairs and yet others by the Council of Ministers and parliament. Further, their mandates derive from separate laws. Belgian co-operation also involves a wide range of governmental and non-governmental actors at the level of regions and communities. This translates into a complex array of agreements, instruments, processes and budget lines in the field. In an effort to co-ordinate its numerous actors, Belgium has consolidated several previously split budget lines – such as multilateral and humanitarian aid – under DGDC. Such efforts are essential as the advantage of having a variety of approaches can be undermined when institutional complexity threatens the coherence of overall action. Belgium needs to ensure that the strategic plans of its many development players at the federal level are linked and coherent, and that their mandates and the relationships among them are clear. Representation of DGDC on the boards of BTC and BIO would help address some of these concerns.

The exchange of information between the Minister of Development Co-operation and federated entities could pave the way for closer collaboration between the federal and the federated levels, building on their respective comparative advantages. An agreement to clarify the status of the federated entities' field offices could facilitate their interaction in the field.

Ensuring a stronger policy lead

The FPS Foreign Affairs manages two-thirds of Belgium's ODA and has defined a strong mandate for DGDC: to prepare and support policy development and monitor interventions. However, DGDC is not yet in a position to play this role, and the strategies it has designed are not widely applied. There are two reasons for this: First, having two policy-making units – the Policy Cell under the Minister of Development Co-operation, and the Policy Support Unit in DGDC – can lead to overlaps and inefficiency. Second, the role of DGDC's Policy Support Unit is not sufficiently recognised within the directorate-general, and it lacks the necessary resources to elaborate strategies and prepare proposals for the Minister's strategic cell which could then focus more on the political aspects of the Minister's role. Clarifying the mandate for policy guidance and the division of labour between the two policy units, and reviewing their resources, would thus help to enhance the government's ability to develop and review strategies.

Belgium's implementing agency for governmental co-operation, BTC, has become a respected organisation in Belgium and abroad, with a reputation for being competent, professional and financially transparent. It occupies an important place in Belgium's development co-operation system. BTC's financial resources, staffing and expertise have grown over recent years. Its role was bolstered in the 3rd Management Contract with DGDC (2007-2011) and it has taken on some of the co-ordinating functions previously held by DGDC's attachés at field level. BTC now formulates projects with the partner country, while DGDC's role is to prepare the indicative co-operation programmes and ensure the quality of BTC's interventions. This division of labour is sensible. However, a joint representation of DGDC and BTC at country level, under the strategic leadership of the co-operation attaché, would facilitate the interaction both between these two institutions and with the partner country. The relevance and impact of Belgian bilateral co-operation depends to a large extent on the good relations and exchanges between DGDC and BTC.

The need for decentralised decision-making and efficient administrative processes

Belgium should consolidate and build on its administrative reforms in two main areas. First, it should re-visit decentralisation as decision making remains centralised in Brussels. While it has increased development attachés' responsibilities in preparing and monitoring government co-operation programmes, most strategic decisions – as well as decisions of relatively modest importance about projects, NGO financing, multi-bi funding, BIO, and the Belgian Fund for Food Security - continue to be taken in Brussels. Delegating more operational, financial and programming decision-making authority to the attachés would allow Belgium's aid to be more demand-driven and field-oriented.

Second, Belgium could increase the efficiency of its development co-operation system further. It currently struggles with delays in disbursing its programmed funds. On average, only 37% of committed funds had been disbursed by recently-concluded co-operation programmes; in Burundi it was as little as 13%. Rationalising administrative procedures may help improve this. There is also a perception in the field and at headquarters that these delays stem from the process of financial inspection in Brussels, and from the requirement for *ex ante*, rather than *ex post* controls. In any case, these delays affect the impact and political leverage of Belgium's funding, and ultimately its credibility. An analysis of its administrative processes could help Belgium to improve its efficiency and effectiveness. It should assess whether the high transaction cost of the various small schemes it administers are in proportion with the development benefits derived from them, and possibly re-define the role played by the financial inspection.

Strengthening the role of evaluations by promoting an evaluation culture

Belgium should use evaluations as management and policy-making instruments and create a culture of evaluation throughout the system. An independent assessment of Belgium's evaluation function in 2009 noted that the attitude towards evaluation in FPS Foreign Affairs was sometimes defensive. Belgium has recently consolidated the evaluation functions within DGDC and FPS Foreign Affairs into one single Special Evaluation Office based in FPS Foreign Affairs. The office will take on all the tasks previously carried out by the two offices. This opportunity should be used to clarify how DGDC management is to respond to evaluations and how lessons from evaluations can be integrated into policy making. Creating an evaluation culture would allow Belgium to learn from its rich operational experience.

People: at the heart of implementing change

One of Belgium's key challenges is to build a human resources policy that caters to the special needs of development co-operation, such as being flexible and field-oriented. Matching resources to DGDC's strategic role is a challenge it should tackle urgently. Its policy making role means it should be staffed with personnel who have operational experience and strategic leadership skills. Thus, DGDC needs to include profiles of specialists that it might require in its future human resource plans. Secondly, the human resources policy for DGDC should allow more mobility between headquarters and the field so that policies become based on operational experience. Thirdly, the human resources policy should contain provisions for accessing the expertise of Belgian development partners and for recruiting qualified technical staff locally on a competency-based salary scale. Finally, DGDC needs to link the management of knowledge and staff performance with the goals of its management plan to maximise its staff potential.

Recommendations

To strengthen its important organisational reforms Belgium should:

- Ensure that the mandates and the relationships among the entities delivering the aid programme in its development co-operation are clear. Clarify the division of labour between the Policy Cell under the Minister of Development Co-operation and DGDC's Policy Support Unit with regard to their respective responsibilities for development co-operation policy.

- Examine the programme and project approval process with a view to making it more efficient, and assess the development value of its multiple small schemes.

- Incorporate lessons from evaluations into policy making, and promote an evaluation culture.

- Define a human resources policy for DGDC that allows DGDC to play its strategic role by providing for (1) more mobility between headquarters and the field, (2) a human resources plan that includes the profiles of specialists it might require, (3) provisions for accessing the expertise of development partners, and (4) a competency-based salary scale for locally recruited staff.

Practices for better impact

Implementing aid effectively

Belgium is committed to modernising its development co-operation to be able to implement the Paris Declaration and the Accra Agenda for Action (AAA). Its 2007 *Harmonisation and Alignment Plan* responds to the 2005 DAC recommendation that Belgium should develop an aid effectiveness action plan. Progress has been made since 2008, even though its results in the Paris Declaration monitoring surveys in 2006 and 2008 give a mixed picture. Belgium has started to put into practice recent policy and strategic decisions, mainly by implementing a "new generation" of four-year indicative co-operation programmes, adapted to the Paris and Accra commitments. Rather than developing a specific AAA action plan, DGDC has prepared hands-on guidance for staff to implement the *Harmonisation and Alignment Plan*. This pragmatic approach is positive.

The DAC commends Belgium for its efforts to reflect the Paris agenda in the activities of all Belgian development actors. At the country level, development attachés are expected to facilitate synergies between Belgian actors. The Government's 2009 agreement with non-governmental organisations (NGOs) is an innovative approach to co-operating with civil society organisations and has helped to establish a constructive relationship. It commits NGOs to adhere to the Paris Declaration principles and DGDC to streamline its administrative procedures. The agreement will now need to be implemented by both parties.

Belgium's decision to reduce its number of focus sectors per country and to align its support with partner countries' priorities is implemented through the variety of aid modalities used under the new indicative programmes, put in place since 2008. Belgium's approach responds to the 2005 DAC recommendation to back the implementation of partners' sector strategies, recognising that partners own their development process. The DAC welcomes Belgium's intention to stay active in the same sectors for three successive indicative programmes (12 years). This will facilitate long-term planning for partners and harmonisation with other donors. It also shows that Belgium is taking harmonisation and division of labour seriously, as does its use of delegated co-operation and willingness to lead sector working groups at the country level. In doing so, it should recognise that complex structures for donor co-ordination can at times lead to inefficiency. It is positive that Belgium respects the priorities of partners and other donors though it also needs to ensure that it focuses its support in sectors where it has expertise and can add value.

Challenges in implementing the aid effectiveness agenda

Belgium is committed to applying the aid effectiveness principles even in fragile countries with weak ownership, capacity and systems. Implementing the Paris Declaration and the AAA in these situations, especially where corruption is prevalent, is challenging and actions need to be tailored to the specific context. In Burundi, Belgium is the only donor to apply the partner country's procurement law, demonstrating its willingness to align and support ownership in fragile contexts. Belgium has the possibility, under its new indicative programmes, to allocate an additional budget tranche to the three partner countries in Central Africa if they fulfil a set of agreed good governance criteria. This may allow Belgium to hold its partners accountable for creating the conditions needed to successfully implement development plans. DGDC's intention to support institutional capacity, in particular in the Great Lakes Region, responds to the

Accra Agenda for Action commitment to support the core state functions of countries in fragile situations. Belgium needs to recognise the trade-off donors face when working in countries with weak governance, where alignment to country systems may hamper development impact.

Like many donors, Belgium also faces other challenges in implementing some of the aid effectiveness principles, beyond those related to fragility. (1) The first challenge relates to its centralised decision-making system. The procedure for developing indicative co-operation programmes is becoming more decentralised and consultative, yet country offices could be given more authority for formulating the programmes. Efforts are still needed to internalise a decentralised approach throughout the Belgian system. Decentralising financial authority further would also improve the timeliness and predictability of aid. (2) Belgium should also ensure that BTC's business model allows it to contribute to new aid modalities, such as joint programmes or budget support. The 2008 *Monitoring Survey of the Paris Declaration* indicates that Belgium has many parallel implementation units and that its use of country systems is limited. The intention of both DGDC and BTC to assess internal constraints and develop staff guidance for using country systems is therefore welcome. Such an assessment should take account of the challenges that using country systems may entail in fragile situations. (3) DGDC and BTC lack an effective system to manage results. They should improve results-based management and draw on lessons when designing new development interventions. Belgium's decision to include a results-matrix in all new indicative programmes is yet to be implemented.

Learning from experience on priority topics

Capacity development

Capacity development is a central objective for Belgium's co-operation and aims to strengthen partners' institutional capacity. The 2009 agreement between the government and NGOs also commits Belgian NGOs to support capacity development. However, Belgium should define a conceptual framework for capacity development and appoint a focal point to review the framework and draw lessons from these efforts. DGDC and BTC should define a joint approach and tools to support capacity development in partner countries, in particular in fragile situations. They could draw on ongoing joint work in the DAC that focuses on implementing the AAA's capacity development priorities.

Belgium grants scholarships, funds technical assistance and makes efforts to strengthen partner countries' procurement systems. This can help build capacity if properly managed. For example, DGDC attempts to align its scholarships to its partner countries' priorities and explores how to co-ordinate with other Belgian actors granting scholarships, including universities and NGOs. These efforts should be pursued. As Belgium intends to double its funding to scholarships and training programmes through all aid channels by 2015, it is important that these programmes are understood and used by DGDC staff as tools to support partners' capacity. Belgium's *Harmonisation and Alignment Plan* sets out how technical assistance should be used to strengthen partners' capacity, including by pooling funds with other donors. The plan also explains Belgium's aim to strengthen partners' procurement systems. These intentions are welcome and should be pursued as part of a broader approach to capacity development.

Agriculture, high food prices and donor responses

Agriculture and food security are priority areas for Belgium's governmental co-operation in 11 out of its 18 partner countries. As a long-term response to the food crisis, it aims to direct up to 10% of its total ODA to agriculture, rural development and food security by 2010 and 15% by 2015. Its short-term response has been to increase its emergency food aid significantly. Belgium's support to agricultural development focuses on institution building and empowering stakeholders, in line with the DAC guidelines on pro-poor growth and agriculture.

Belgium is a significant contributor to agriculture in a number of its focus countries. In Rwanda, its aid accounts for 60% of total DAC members' aid to the sector, and 56% in Burundi. It is therefore in a good position to lead donor harmonisation in the agriculture sector in some of its focus countries. A next step would be to ensure that its various instruments all work in co-ordination. These include agriculture and rural development programmes, emergency food aid (cash), the Belgium-sponsored "local purchase" scheme of the World Food Programme, and the Belgian Fund for Food security. Greater synergies among the various instruments would make Belgian aid agriculture and food security more effective. In revising its strategic note for agriculture and food security, Belgium should state explicitly what capacity, competence and instruments it can offer to its partner countries, and ensure that they are linked together.

Recommendations

To increase further the effectiveness and impact of its aid programme, Belgium should:

- Delegate more authority to development attachés and follow through on its plan to decentralise the formulation process for new indicative co-operation programmes.
- Strengthen its systems to manage for development results and its use of lessons to design new development interventions.
- Formulate a strategic framework which sets out a joint approach by DGDC and BTC to supporting partner countries' capacity development.
- Strengthen its analytical capacity and ability to formulate sector policy on rural development and food security, and ensure that its instruments for supporting development in the agriculture sector are co-ordinated and that their use creates synergies in the field.

Humanitarian action

A new strategic plan and the opportunity to reform a rigid legal environment

Belgium is gradually aligning its humanitarian assistance with international standards, as recommended in the last peer review and Belgium's *2008 Humanitarian Assistance Evaluation*. Belgium's *Strategic Plan for Humanitarian Aid*, adopted in 2006, is its first comprehensive humanitarian policy document and reflects both the principles of Good Humanitarian Donorship (GHD) and of International Humanitarian Law. It focuses on the Great Lakes region, where Belgium can build on many years of experience. It includes disaster preparedness and cross-cutting issues such as gender equality, HIV/AIDS, environment and human rights. The next step will be to establish priorities in line with

Belgium's comparative advantage and provide support for implementing the *Strategic Plan*.

Belgium's humanitarian budget grew by 71% in real terms between 2004 and 2008, and increased as a share of total ODA from 6% to 9%. Belgium spent over half of its humanitarian budget in response to UN Consolidated Appeals Process (CAPs) and 10-15% to appeals by the Red Cross and Red Crescent Movement. Through its multilateral channel, it has also begun to provide core funding, and it supports several multilateral rapid response mechanisms.

For all other channels, however, Belgium's humanitarian response remains significantly constrained by its rigid legal framework. The 1996 Royal Decree, which governs most of Belgium's humanitarian assistance, prevents timely, flexible and predictable responses to emergency situations. It imposes strict limits on eligible expenditure and project durations, an onerous *ex ante* project approval process, and all funding subject to it remains project based. As this is ill-suited to an emergency response, the DAC welcomes Belgium's work towards a new decree that reflects the GHD principles. Belgium's plan to establish a new instrument to respond to sudden-onset disasters is also encouraging. Further, it could widen its pool of partners to include non-Belgian NGOs with proven track records and capacity.

Towards a more efficient delivery of humanitarian aid linked with development

The GHD principles promote the provision of humanitarian assistance in "ways that are supportive of recovery and long-term development". From 2010, Belgium is consolidating the majority of its humanitarian instruments under DGDC, which is a positive step towards strengthening these linkages. However, the range of humanitarian instruments remains fragmented across the different DGDC directorates, complicating co-ordination and limiting the opportunity for synergies among programmes. Belgium could now build on good practice in the field to strengthen the links among crisis response, transition and development at headquarters.

With no plans to increase its staffing levels for humanitarian aid, Belgium needs to find ways to deliver its humanitarian programmes more efficiently. Focusing on interventions that clearly add value will be essential. Also, more decision-making authority should be delegated to the field, and relevant humanitarian staff and field attachés in countries prone to emergencies should be trained in the humanitarian principles outlined in the *Strategic Plan*. Placing a higher priority on project monitoring and adopting a results-based monitoring framework would also be useful.

Recommendations

The consolidation of humanitarian programming under the DGDC, and the proposed revision of the 1996 Royal Decree, both create an opportunity for Belgium to:

- Implement the recommendations of the 2008 Humanitarian Assistance Evaluation, including widening the categories for eligible expenditure, shifting focus to results-based monitoring, and reducing the administrative burden on partners.
- Determine the strategic niche for Belgium's humanitarian aid, based on comparative advantage.
- Strengthen links between relief efforts and development co-operation, and improve strategic and day-to-day co-ordination between instruments.

SECRETARIAT REPORT

Chapter 1

Strategic Orientations

New momentum for international co-operation

Belgium has a well-established commitment to development co-operation. It maintains a special focus on Central Africa owing to its historic ties with the Great Lakes Region. As this engagement means working with a significant number of fragile states, Belgium faces special expectations and specific challenges, but also unique opportunities as a leading donor in those countries.

Belgium’s development co-operation has gained new momentum. Since 2008, a number of new policies have been issued, and the aid management reforms have advanced yet again. This has made up for a backlog following the long period of government formation between June 2007 and March 2008 – the longest in Belgian history – which delayed policy-making, budget decisions and development co-operation reform.[1]

Development co-operation in Belgium benefits not only from strong government commitment, but also from broad cross-party consensus in parliament and solid public support. Belgium has anchored in law its Monterrey commitment to increase official development assistance (ODA) to reach 0.7% of GNI from 2010 onwards. This commitment has allowed a further increase in the co-operation budget for 2010, despite the impact of the global economic crisis and ensuing budgetary constraints. All of this puts Belgium in a good position to pursue the reform of its development co-operation.

Belgium has also made progress on the majority of the recommendations made in the 2005 peer review (OECD, 2005; and summarised in Annex A). It has formulated a plan to enhance the effectiveness of its co-operation, maintained the geographical concentration of its ODA, tightened its concentration on specific sectors, clarified some aspects of the division of labour among the institutions responsible for development co-operation, and

1. For instance, no annual policy note was issued in 2007 by the Minister of Development Co-operation.

decided to bring humanitarian aid back under the same authority as development co-operation. Belgium's main challenges now relate to policy coherence, organisation and management; most of the previous peer review's recommendations on these issues remain valid today.

Strategic framework of Belgium's development co-operation

Sustainable human development: a clear priority enshrined in law

The *1999 Law on Belgian International Co-operation* remains the framework for development efforts. Its strength is its clarity of focus: "the primary objective of Belgian International Co-operation is sustainable human development, to be achieved by combating poverty" (Art. 3). It defines development co-operation as rooted in the notion of partnership and echoes the concern for sustainability laid out in Belgium's federal law on sustainable development (RdB, 1997). The current government programme sets poverty reduction firmly in the context of conflict prevention, alongside multilateral engagement in peace operations and non-proliferation efforts. Over the last four years Belgium has put more emphasis on the Millennium Development Goals (MDGs). Parliament adopted a specific law in 2005 to require government to report on the contribution it has made to achieving the MDGs every year (FPSFA, 2005). The government considers them to be "the heart of international development policy" (DGDC, 2009b). One of its foreign policy goals is to rally renewed support around the MDG agenda, and to strengthen the respect for human rights and the rule of law (CdrB, 2009b).

Modernising Belgian practice

A new vision of development co-operation is emerging within Belgium, driven by international commitments and self-reflection. It has led to the significant modernisation and reform of Belgian practice. Since the law was adopted in 1999, Belgium has made new international commitments to the MDGs (2000), the 2002 Monterrey target on Financing for Development, the Declaration of Marrakesh on Results-based Management (2004), the Paris Declaration on Aid Effectiveness (2005), the European Union (EU) Code of Conduct on Complementarity and the Division of Labour in Development Policy (2007) and the Accra Agenda for Action (AAA, 2008). Many of these have been translated into practice. In 2007, Belgium adopted a *Plan for Harmonisation and Alignment* (DGDC, 2007b) that has allowed the aid effectiveness principles to be integrated into new guidance documents, and redefined the role of development co-operation attachés in the field. The implementation of this plan has received high political attention and is explicitly recognised as a priority by the Belgian authorities. As a result, Belgium now uses instruments such as budget support and delegated co-operation, and limits itself to only two or three sectors per partner country (Chapter 5). Since 2009, Belgium has also taken a new approach to multilateral aid. It has transformed a large part of its voluntary multilateral contributions into core funding, and aims to choose its multilateral partners more strategically. Although none of these reforms contradict the law, many people in the administration and parliament consider that Belgium's new approach will require the 1999 law to be revised. An independent evaluation of the law commissioned by the Belgian administration concluded that a complete revision was not necessary, but recommended that a royal decree could provide for dispositions that are not yet formally provided for in law (FPSFA, 2008a). Accordingly, the government has approved a royal decree for a new draft Law on Development Co-operation and transmitted it to parliament on 22 April 2010.

The need for a common vision supported by a medium-term strategy

While it might not be necessary for a new law to capture all the elements mentioned above, there are other amendments that would benefit Belgian development co-operation, and which will be explored in more detail in this report. Most importantly, the 1999 law does not apply to ministries other than the Foreign Public Service (FPS) Foreign Affairs,[2] even though a broad range of other ministries and agencies also administer ODA (Chapter 4). Creating a vision to guide Belgian entities in their development co-operation would help Belgium to improve internal coherence.

Every year the Minister of Development Co-operation[3] presents a policy note to parliament together with his budget submission for the following year. This allows short-term priorities to be set and provides political leverage for implementing the reforms. Since 2008, these policy notes have reflected the drive for change. The minister has been using them to advocate for an increase in aid volume, for a concerted approach to fragility, for partnership with Central Africa, for greater efforts to achieve the MDGs and to make aid more effective, and for greater emphasis on agriculture, food security, human rights and corruption. This policy note is part of the strategic framework of Belgian development co-operation, which consists of the law from 1999, other laws creating various entities mandated to implement co-operation, royal decrees providing the modalities of execution, strategic documents and Indicative co-operation programmes (ICPs). Further, there are the development strategies of the federated entities and their agreements with their respective partner countries (Figure 1). Clarifying the relative importance of the various documents would facilitate their application.

The absence of a medium-term strategic framework has led some of Belgium’s partners to question whether the recent changes announced in the policy notes will last beyond the term of the current government. For instance, multilateral agencies are not sure whether the new full-core approach is only a temporary measure, or whether it will be sustained. A medium-term strategy could help translate Belgium’s emerging vision into practice. It could guide the use of new aid modalities, outline medium-term priorities for multilateral and regional co-operation, as well as sector priorities and cross-cutting issues for bilateral co-operation. It might be an opportunity to bring Belgian Technical Co-operation (BTC), the Belgian Investment Company for Developing Countries (BIO), the Belgian Fund for Food Security, and humanitarian aid under one common policy framework (see Section 1.3). Other DAC members have found such overarching policy statements invaluable for outlining the purpose and objectives of foreign assistance and for securing a shared long-term interest in effective development. They are especially useful in setting out a common purpose in countries that have several agencies implementing foreign assistance (OECD, 2009h).

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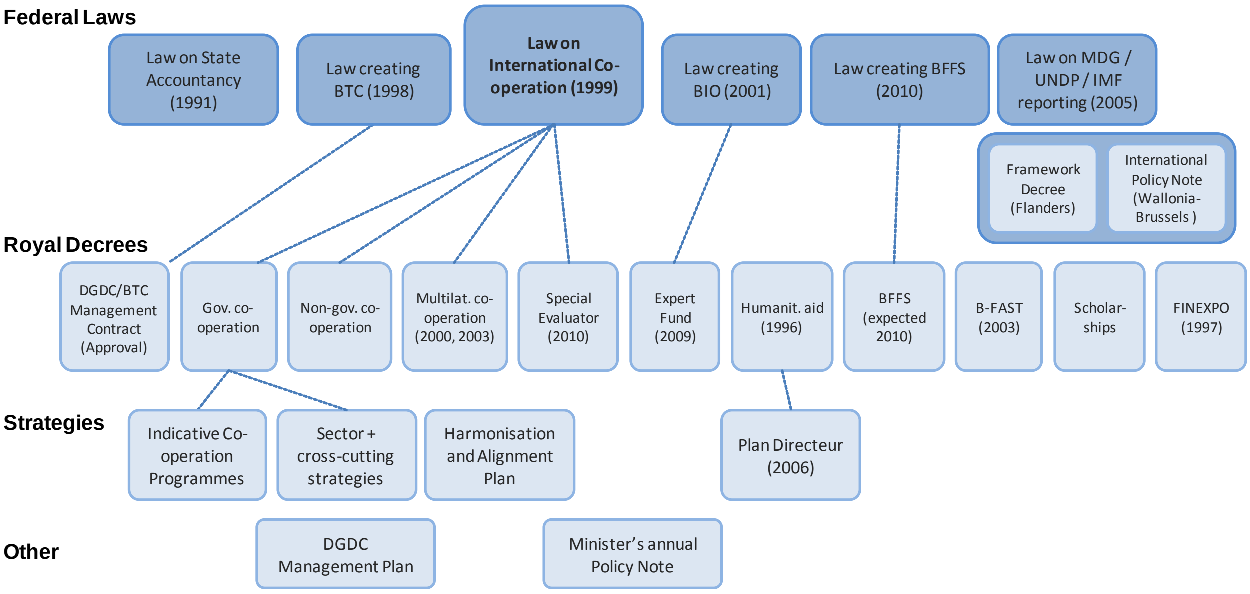
2. The former ministries were transformed into Federal Public Services (FPS) by the reforms under the Copernicus Plan. This report uses “FPS” to refer to them.

3. Referred to in this peer review as “the minister”.

Figure 1. Belgium's strategic framework for development co-operation



Sector priorities: concentration, and a new emphasis on the productive sector

Fewer sectors per partner country

The 1999 law determines that Belgium's governmental co-operation should focus mainly on five sectors: (i) basic health care; (ii) education and training; (iii) agriculture and food security; (iv) basic infrastructure; and (v) conflict prevention and social "consolidation", such as support for respect for human dignity, human rights and fundamental freedoms. In the spirit of the Paris Declaration and the EU Code of Conduct (EC, 2007), in 2008 Belgium instructed its attachés to limit the number of sectors in the country programmes to two, and to three for its Central African partner countries (DGDC, 2008b). In recent years, Belgium has spent most of its bilateral funding on health and education (Table B.5, Annex B).

A growing interest in the private sector

The private sector in developing countries has been a constant concern for Belgium. Its vision of partnership, as described in the 1999 law, involves not only government, but also civil society and private sector actors. In 2009 the minister stressed that "the fight against poverty should not limit itself to investments in the social domain, but that it depends above all on sustainable economic growth and an equal distribution of wealth" (CdrB, 2009a). The decision that one of Belgium's two or three priority sectors should always be a productive sector (CdrB, 2008b) helps to translate this emphasis into action. However, Belgium may have to clarify whether it intends to engage in productive sectors other than agriculture, which is currently the only productive sector among Belgium's priority areas.

Belgium makes significant efforts to support pro-poor growth. Its strong emphasis on the agricultural sector – with a goal to invest 10% of its ODA in agriculture by 2010 and 15% by 2015 – is good practice for alleviating rural poverty (CdrB, 2009a; and Chapter 6). As the poor often depend heavily on natural resources for their livelihoods, Belgium's efforts to improve the transparent management of revenues from the exploitation of natural resources and its emphasis on sustainability are likely to benefit the poor, as is its support to improving labour standards within the cocoa industry.

Belgium's main instrument to strengthen the private sector is the Belgian Investment Company for Developing Countries (BIO). Resourced mainly through public and to a lesser extent through private funds, BIO's funding has tripled since 2007 and continues to grow; its portfolio amounts to EUR 258 million (USD 359 million).[4] It provides microfinance and funds small and medium-sized enterprises (SMEs) in about 80 developing countries, but tries to focus on Belgian's 18 development co-operation partners. BIO has taken steps to become better suited for supporting local micro enterprises. Its new ability to invest in African currencies is a major breakthrough for pro-poor investment, as local borrowers are no longer required to bear the currency risk. Though BIO is struggling to establish itself in Belgium's often fragile priority countries, its efforts to move the investment frontier into least developed economies are an example for other investors. BIO's activities appear, however, to be conceived and conducted in isolation from Belgium's other co-operation instruments and partners. What Belgium needs now is a holistic approach to private sector development. It should allow for synergies among the various bilateral and multilateral instruments to create an enabling environment for the local private sector, of which investment is but one component.

Absence of sector policies

The law on international co-operation stipulates that each priority sector must be backed by a strategy that is updated every four years. However, with the exception of the recently revised health policy (2008), all of the sector policies date back to 2002. Staff comment that they are not user-friendly, provide little guidance, and require updating. With the decision to focus more on the productive sector, the need for clear and up-to-date strategies in related fields such as private sector development, agriculture and food security has become urgent. The Directorate-General for Development Co-operation (DGDC) has not been able to keep to the schedule laid out by parliament, for reasons explained in Chapter 4.

The challenge of addressing cross-cutting issues in practice

In addition to the five priority sectors, the law on international co-operation defines four cross-cutting themes to be addressed in Belgium's governmental co-operation: the environment, gender equality and women's rights, the social economy (participatory economic development activities, neither private nor public), and children's rights. The latter was included in the 2005 revision of the law upon the initiative of parliament. Like the five priority sectors, these themes are guided by strategic notes presented to parliament, which are to be evaluated and adapted every four years. Strategic notes were issued on gender equality, the environment and the social economy in 2002 and on children's rights in 2008. They have not, however, been updated since and are not being used systematically as they, too, provide little specific guidance. In a 2009 agreement with the government, NGOs pledged to integrate into their activities gender equality and women's empowerment, environment, children's rights and decent work (FPSFA &

4. Source: www.bio-invest.be . This figure reflects BIO's net commitments as of 31 December 2009.

NGOs, 2009). Meanwhile, federated entities[5] have defined their own cross-cutting issues, only some of which overlap with those of the federal government (Section 1.3.2).

Policy makers and managers in Brussels recognise the importance of gender equality and environmental sustainability for effective development. The political commitment to gender equality is visible in the 2007 law enacted to implement the resolutions of the 1995 Women's World Conference. A National Action Plan has been agreed for implementing UN Security Council Resolution 1325 on women, peace and security. A staff member responsible for gender equality is strategically placed in the Policy Support Unit within DGDC and the "Commission on Women and Development" provides analytical support to DGDC. While there is no institutional mechanism to ensure that gender equality is addressed in policies and programmes, some training opportunities exist. Environmental issues are the responsibility of the Department for Multilateral and European Programmes, but no staff is directly responsible for integrating environmental sustainability into bilateral co-operation. While DGDC has access to a specific budget for this purpose, it is more often allocated to climate change adaptation efforts than to mainstreaming environment. BTC is mindful of the ecological footprint of its activities and encourages staff to follow environmentally friendly practices. A review of 30 BTC projects concludes, however, that further efforts are needed to ensure that its projects are environmentally sustainable (BTC, 2009b).

Efforts to address gender equality and environment at the operational level could be strengthened in some countries. Even though Belgium refers to the cross-cutting issues in its indicative co-operation programmes, the peer review visit to Burundi revealed that very little appears to be done to implement these themes in practice (Annex D). The cross-cutting issues were perceived more as an abstract expectation from headquarters than an opportunity. Belgium would benefit from making practical tools available and ensuring sufficient DGDC capacity to support its cross-cutting themes. A positive example is the backstopping mission to the Democratic Republic of Congo undertaken by the Gender Equality Advisor while the new programme was being prepared in 2009. Belgium should ensure that funding is available to replicate this initiative.

The revision of the law on international co-operation has provoked suggestions that more issues, such as climate change, should be added to the list of cross-cutting themes. The urgency of adapting development efforts to the impacts of climate change cannot be ignored and Belgium's efforts to address these are welcome. However, Belgium also needs to implement its existing cross-cutting themes, which are all key drivers of development. It could define the results it wishes to achieve from the four cross-cutting themes and reflect on whether mainstreaming is the most effective method for achieving them. In the case of gender equality, for example, the Women's World Conference stated that gender mainstreaming is not enough – it needs to be complemented with specific interventions to support women's empowerment.

A focus on Central Africa

The 1999 law introduced the principle of geographical concentration for direct bilateral aid. It outlines a focus on 25 partner countries, which was reduced to 18 countries in 2003. According to the law a key determinant for Belgian involvement is a

5. Belgium's federated entities comprise three communities (the French, Flemish, and German communities) and three regions (the Walloon, Flemish, and Brussels-Capital Region).

country's level of poverty. Central Africa remains Belgium's geographic priority region for development co-operation. Recent policy notes and parliament discussions point to the special place occupied by the Democratic Republic of the Congo, Rwanda and Burundi in Belgium's foreign and development policies. They are amongst the top five recipients of Belgian aid (Table B.4), and Belgium is a major donor for all of them. Belgium's particular sense of responsibility towards this part of Africa is primarily driven by historical links, many political and migratory exchanges, and some military co-operation. Belgium supports training for the Armed Forces of the Democratic Republic of the Congo (FARDC) through its own Military Partnership Programme (MPP), while also contributing 27 troops to the UN mission to that country.[6] The economic link, however, remains weak; Belgian foreign direct investment in and export credits to the region remain very low.

In Burundi, Belgium is appreciated and recognised by both donors and the local population as the only donor which did not leave during the bloody civil war in the 1990s. Belgium considers that "the EU and […] other countries count on Belgium to apply a particular effort to Central African countries", and therefore relies on its ability to leverage multilateral interest when necessary (CdrB, 2009b). Having such leverage in a region, despite being a small donor, certainly enhances Belgium's motivation and moral incentive to continue to focus on these specific partners. Belgium emphasises governance, stabilisation and justice in these countries, and the use of natural resources in a way that benefits the countries and their people. However, its approach to fragility still lacks sufficient depth (Box 1). It would also benefit from developing strategic visions at the country level that reconcile its political, development and humanitarian objectives, as its indicative programmes do not allow for this.

Belgium has begun to support regional co-operation by focusing on six regional organisations, and is commended for its strategic, well-considered approach to this new endeavour. In 2009 DGDC created a budget line and an office to promote regional co-operation in developing countries (D1.6, see Figure 6, Chapter 4). These efforts address regional trade, cross-border infrastructure and measures for restoring confidence among neighbouring countries in the context of conflict prevention. Belgium uses regional co-operation to achieve two things. First, it sees it as an exit strategy. For example, it now funds a Mekong River Commission programme to secure navigation on the river following the ending of governmental co-operation with Laos, Vietnam and Cambodia. Secondly, it uses regional co-operation to complement bilateral programmes. For example, through delegated co-operation to the UK Department for International Development, it is supporting Burundi's integration into the East African Community – Burundi is the only French-speaking country in the region and one of Belgium's largest aid recipients (Annex D). Belgium should continue to ensure that its regional programmes target regional issues.

6. This is a small number, compared with Belgium's 230 soldiers in the United Nations Interim Force in Lebanon. Source: United Nations Peacekeeping Operations, www.un.org/en/peacekeeping/contributors, as of March 2010.

Box 1. Belgium and fragility: moving beyond semantics towards a common government vision

Fragility is a key issue for Belgian development co-operation. Owing to its commitment to Africa's Great Lakes Region, one-third of Belgium's partner countries are fragile states. The 2009 policy note puts fragility high on the political agenda for 2010, and declares it a priority for Belgium's presidency of the European Union (CdrB, 2009a). Within development co-operation, "conflict prevention and societal consolidation" is one of Belgium's five chosen sectors.

However, Belgium is struggling to translate this political priority into its operations, and this is weakening its contribution in fragile contexts. It is too caught up in discussions on how to define a fragile state (for instance, Burundi), at the expense of developing common approaches for relevant government actors to work in these challenging contexts. However, the administration is determined to advance this agenda. In 2005, BTC reviewed its aid effectiveness in fragile states using its partners Niger, Burundi and the Palestinian Administered Areas as examples to demonstrate that fragility has many faces (BTC, 2005). The review recognises that "classifying" fragile states is difficult, which should help Brussels to overcome the semantic discussions that continue to hamper progress.

Another key challenge is to overcome the dichotomy at headquarters between foreign policy (focusing mostly on peace building, demobilisation and security sector reform) and development policy (which prioritises state building; CdrB, 2008b and 2009a). Several ministries will need to collaborate in order to formulate a concerted long-term approach that combines humanitarian aid, diplomacy, security and justice, and debt relief. The establishment of a DGDC-led platform on fragility in 2009 was a constructive initiative in this regard, but has been suspended. It would merit being re-launched. The idea of creating a "3D cell" (diplomacy, defence and development), too, may be worth pursuing.

A next step would be to define the instruments for use in fragile situations; Belgium is not yet making consistent use of good practice. The OECD DAC's 10 *Principles of Good International Engagement in Fragile States and Situations* could be integrated more fully into the indicative co-operation programmes, into multilateral policy, and into BTC's operations. Belgium would benefit from working with different risk scenarios and taking account of the 3Ds and the 3Cs (co-ordination, complementarity and coherence). The BTC paper states that "do no harm" approaches, transparent financial management and capacity development should be considered in each intervention (BTC, 2005). There is little evidence in Burundi that this intention has been translated into practice. Belgium could make better use of its extensive knowledge of fragile contexts and of the significant engagement by individual staff leading efforts in the field,[7] and could also ensure that other donors benefit from this. Belgium could draw further on research conducted by the think-tank GRAPAX, and on the experience available through the DAC's International Network on Conflict and Fragility (INCAF). In particular, the administration and the government are encouraged to discuss internally the forthcoming DAC policy guidance on state building and to prepare an action plan to take forward its main messages.

7. Belgium led the pilot exercise to monitor the Principles for Good International Engagement in Fragile States and Situations in the Democratic Republic of the Congo in 2005/06. It leads the configuration of the Peacebuilding Fund in the Central African Republic.

Belgium's institutional framework for development co-operation

Belgium's reform of the federal public administration was launched under the Copernicus Plan 10 years ago. Several of the reform's objectives have not yet been achieved. For example, the separation of strategic political decision making from administrative management remains one of the key challenges for development co-operation. The peer review team suggests introducing safeguards in this process, to ensure that effective operational priorities are not disrupted by short-term political considerations.

Some progress made in bringing together a complex system

Country programming: a small part of ODA

Belgian's development co-operation system remains complex (Figure 2), and Belgium is making efforts to enhance collaboration within it. At its heart is the Directorate-General of Development Co-operation (DGDC), which "organises and devises" development co-operation (RdB, 2002a) and manages two-thirds of ODA. DGDC is overseen by the Minister of Development Co-operation, who is mandated to provide policy guidance for and to lead co-operation efforts. It is one of six directorates within the Federal Public Service of Foreign Affairs, Trade and Development Co-operation (FPS Foreign Affairs). The other five directorates are guided by the Minister of Foreign Affairs. DGDC's exclusive partner for implementing governmental co-operation is BTC. It is mostly in BTC's work in which the qualitative aspects of Belgium's aid can be seen because Belgium's strategies apply mainly to governmental co-operation. However, as this only represents 16% of all ODA (see para 65), efforts to co-ordinate common approaches with other channels of Belgian aid are crucial to avoid the complexity of the system causing undue transaction costs and loss of efficiency and effectiveness to Belgium's partner countries.

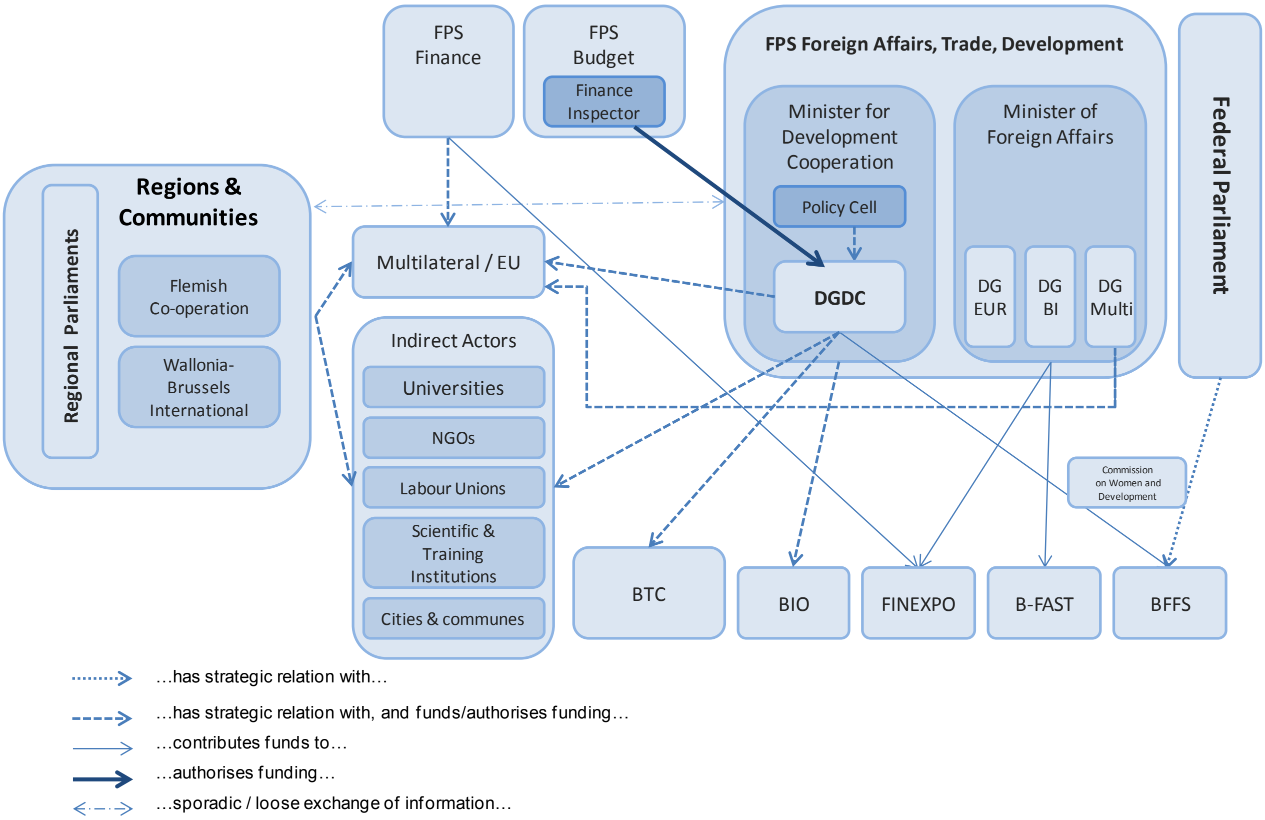
Progress in harmonisation with non-governmental actors

A multitude of actors are funded or co-funded through what Belgium calls "indirect co-operation", including NGOs, universities and scientific institutions, labour unions, cities and communes. The law on international co-operation stipulates that they "shall have development co-operation as [their] primary […] object", but does not provide more detail. Belgium has made significant progress in building the relationship between government and non-governmental actors. After a 10-month preparatory process, in 2009 the Minister of Development Co-operation and NGOs signed an agreement (FPSFA & NGOs, 2009) containing mutual commitments to make aid more effective (Chapter 5), and to make Belgium's policies more coherent with its development goals (Chapter 2). A similar agreement was signed with universities in April 2010. Such agreements are rare amongst DAC members and merit recognition. They are valuable steps towards a common Belgian vision of development co-operation, towards better internal coherence (see Section 4.2.1.), and should be pursued. Furthermore, NGOs are encouraging the government to also consolidate the mechanism for dialogue with humanitarian NGOs.

Re-integration of humanitarian action into development co-operation

Belgium is revising its framework for humanitarian aid thoroughly following recommendations in the last peer review (Annex A) and an in-depth evaluation of humanitarian aid (FPSFA, 2008c). At the institutional level, the responsibility for humanitarian aid has been re-integrated within DGDC, after having been separated from it in 2004. The peer review commends this consolidation, which creates an opportunity to link emergency aid and development programmes (Annex C).

Figure 2. The Belgian development co-operation system



Harmonisation at home: taking further steps towards a unified, coherent approach

The need for a co-ordinated approach at the federal level

DGDC provides or manages funding for many players whose operations are not yet guided by a common vision of development co-operation. It contributes funding to the Belgian Investment Company for Developing Countries (BIO) and the Belgian Fund for Food Security (BFFS), which is strategically guided by parliament. Both and have their specific mandate; they are not part of Belgium's indicative co-operation programmes. With DGDC's emphasis on the private sector and on agriculture, Belgium should ensure that the BIO and BFFS's approaches dovetail with DGDC's private sector strategy and its agricultural strategy, respectively. Beyond this, there are also other entities involved in delivering aid that are not related to DGDC, and have their own development objectives.

For instance, FINEXPO, an inter-ministerial committee created in 1997, facilitates financial support to Belgian exports, and B-FAST, an inter-departmental structure, deploys its own teams in emergencies (Annex C). Other federal offices contribute to ODA through their expenditures on defence, asylum seekers and scholarships (Chapter 6).

With so many federal development actors, a common vision and agenda are crucial to maximise effectiveness, synergies and the impact of Belgian development co-operation. DGDC recognises that it needs to take the strategic lead to create a more integrated development co-operation system. Its most recent management plan (2008-2013) offers a good starting framework for reform in this direction. The active contribution of other development actors to a common vision is however needed as DGDC's competency within this complex system is limited. For several dossiers – including the multilateral and most of the humanitarian budgets – DGDC holds the purse strings but is only partly responsible. The consolidation of budget lines under DGDC is a strategic advantage and should be better used to ensure that a shared vision is implemented. The multilateral ODA portfolio, for example, is financed by DGDC, but involves also the Ministers of Foreign Affairs and Finance. The latter represents Belgium at the World Bank and the other international financial institutions, where the Development Minister only has an advisory function. Informal mechanisms allow relevant ministries to co-ordinate their positions related to the international financial institutions, the UN, and on climate change funding. Within FPS Foreign Affairs, policy is co-ordinated by the Steering Committee, on which all DGs are represented. Attached to it are several co-ordination mechanisms, such as COORMULTI, which prepares Belgian positions for multilateral bodies; and weekly meetings among FPS Foreign Affairs, Interior, the Ministry of Defence and the Premier Minister's office to co-ordinate activities related to Central Africa and to the "3Ds" (diplomacy, defence and development). Such co-ordination efforts are crucial for ensuring that the instruments DGDC administers translate into coherent operations and to prevent DGDC from becoming a purely administrative entity.

The need for a closer strategic link between federated and federal entities

The 1999 law notes that "federal co-operation promotes synergy with municipal, provincial, regional, community-based and European co-operation […]" (RdB, 1999, Art.3). The fact that federated entities increasingly take into account the aid effectiveness principles is a laudable step in the right direction. Such synergies have not proven easy to establish within the current institutional framework. According to a special law of 2001, federated entities can shape their own vision and policy for development co-operation. They have their own foreign policies and development co-operation strategies governed by their respective parliaments, and they have their own field offices. For example, the Flemish Parliament has adopted a Framework Decree (FP/FG, 2007) which defines three priority countries for its governmental co-operation (two of them DGDC partners). It also supports multilateral agencies and NGOs. The international policy note (WBI, 2006) by Wallonia-Brussels International focuses on another 10-12 partner countries (11 of which are DGDC partner countries) and four sectors: education, food security, environment and health, with gender equality as a cross-cutting issue. Brussels values the contribution federated entities make to public support and resources for development co-operation. It encourages regions to increase their aid (see Section 3.2). There are also separate NGO umbrella bodies, university partnerships and parliaments for each region or community. To ensure that this complex system results in co-ordinated action and synergy and minimises transaction costs, the peer review team encourages Belgium and its federated entities to establish closer strategic collaboration. Quarterly meetings between the Prime Minister and federated entities provide an opportunity to go beyond information-sharing. To improve Belgium's impact, federated entities should seek to contribute to a common Belgian vision in a way that uses their comparative advantage and which does not prejudice their autonomy.

Communicating and building public awareness

High public support for development, but little knowledge of development co-operation

Belgian public opinion surveys reflect a pattern common to most DAC donors: there is high public support for development, yet people know little about development issues. Eurobarometer[8] data on Belgian public attitudes towards aid show that development issues have been perceived as increasingly important since the end of the 1990s. The share of citizens that agreed that development is "very" or "fairly" important steadily rose from 55% in 1998 to 86% in 2004, but fell again to 81% in 2009. However, it still lies below the European average (88% in 2009). The level of knowledge of development issues remains just as low as four years ago; for example, only 28% of respondents know about the MDGs (EC, 2009).

The absence of any recent Belgium-wide surveys makes it difficult for the administration to know its public and to target specific audiences. In recognition of this, a four-year survey financed by DGDC and executed jointly by various Belgian universities and institutes was launched at the end of 2009. This survey, known as PULSE, aims to measure public opinion, to map North-South solidarity-related activities over the long term, and to develop a method to enable organisations to measure the impact of their activities. It also aims to raise the profile of development co-operation in the media, and explore how the use of new media can awaken people's awareness of development issues. Belgium is commended for taking a long-term approach to this initiative.

Belgium's strategy for communicating its vision

Belgium places high importance on educating and informing the broader public on development issues. Its law on international co-operation lists awareness raising as a key instrument for achieving its development objectives, and the DGDC management plan specifies that it serves "to improve support of civil society for our co-operation policy." Its guidelines for financing public awareness activities explain citizens' role in development co-operation: "Without their support, or their active participation, development co-operation would remain a technocratic undertaking remote from the concerns of people of the North and the South" (DGDC, 2009f).

Belgium is a committed member of the Network of Development Communicators (DEVCOM); it shares its experience with peers and is eager to learn from them. At EUR 28 million (USD 39 million; 1.4% of ODA), Belgium's expenses for awareness raising

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8. Eurobarometer is a series of surveys which have been regularly performed on behalf of the European Commission since 1973. Eurobarometer produces reports of public opinion on issues relating to the European Union across the member states.

and communication are among the highest in the DAC.[9] Its 25% increase of this budget between 2007 and 2009 is a clear sign that it aims to continue this emphasis. About two-thirds of these funds are channelled through NGOs and universities and governed by the above-mentioned guidelines. The remainder is spent on communications, awareness raising and development education by a variety of actors within the administration, including the Directorate for Awareness Raising (D5 – see Figure 7, Chapter 4), several sections within the FPS Foreign Affairs, and BTC.

Co-ordination among these entities has greatly improved since 2008 thanks to a monthly communications meeting chaired by the DG, and annual operational plans. Guidance is available on financing and tools for awareness raising by third parties, and an strategy to raise awareness is awaiting approval by the Strategic Cell. While BTC has a development communication strategy, DGDC's last communication plan, laid out by the Press and Communications office of FPS Foreign Affairs, dates back to 2004/05. The DGDC management plan rightly bemoans the absence of a "maturely reflected" communication strategy (DGDC, 2007c). If such a strategy were to encompass all of the above players, it could help to ensure that all their activities reinforce each other and carry the same message. It could flesh out the message behind Belgium's motto of "North-South solidarity". Parliament increasingly emphasises the importance of empirical evidence to prove that aid is working, and a shift away from the charity and solidarity message. When drafting such a strategy, Belgium should consider these concerns, as well as the findings of its recently launched surveys. Accordingly, the MDG report to parliament should be used to highlight development results rather than Belgium's financial inputs for each MDG.

Future considerations

- Belgium's complex system for implementing development co-operation requires a common vision based on dialogue among all parties. The SPF Foreign Affairs (DGDC) could play a key role in securing a broad understanding of Belgium's key development goals through its collaboration with the various implementing agencies of Belgian ODA, federated entities, parliament and civil society. A medium-term strategy could help to translate this vision into a co-ordinated approach to development programming and to capture operational and strategic priorities.

- Belgium should find a way to formulate sector strategies that are up to date and guided by operational best practice, avoiding disruption by short-term political considerations. Its strategies – including its approach to private sector development – should provide for synergies among the various bilateral and multilateral tools. Clear mandates and practical tools for integrating cross-cutting issues into programmes are also needed.

9. Source of figure: DGDC. DAC average in 2007 was 0.35% of ODA, according to the OECD (2009i, page 9).

- Belgium should formulate a common government position to strengthen the country's engagement in fragile contexts and translate this into operations. It should draw more on good practice identified by INCAF, and on Belgium's own research and extensive knowledge of working in fragile contexts. Finally, it should ensure that other donors also benefit from this knowledge.

- Belgium would benefit from having a communication strategy to ensure that all players carry forward consistent messages. It should address the interests and concerns of the public, as assessed in recent surveys, and provide evidence for development impact wherever possible.

Chapter 2

Policy Coherence for Development

Policy coherence for development can be understood as consistency between a donor government's aid policies and its domestic and foreign policies. This chapter on policy coherence for development (PCD) explores how Belgium tries to ensure that its government policies support partner countries' own development goals. In *Building Blocks for Policy Coherence for Development* the DAC describes progress towards policy coherence for development as a process based on three building blocks:

(i) Political commitment and a policy basis that specifies policy objectives and determines which takes priority in the event of incompatibility.

(ii) Policy co-ordination mechanisms that can resolve conflicts or inconsistencies between policies and maximise synergies.

(iii) Monitoring, analysis and reporting systems to provide the evidence base for accountability and for well-informed policy making and politics (OECD, 2009j).

The 2005 peer review recommended that Belgium finalise its strategic note on policy coherence, and improve inter-ministerial information and co-ordination, while providing for arbitration procedures (Annex A). There has been some progress on the three pillars of policy coherence for development since the last peer review (Table 1). However, the recommendations broadly remain valid. Better coherence between Belgium's domestic and foreign policies and its development goals requires a clearer understanding of the concept of policy coherence for development, better use of existing instruments, and an agenda for coherence with clear priorities supported by analytical work.

The three building blocks

Towards an explicit policy statement

Belgium is one of a dozen DAC members that have a development co-operation law. Even though its legislation does not ensure that other policies support (or at least do not undermine) development policy, policy coherence for development has received continued attention in recent years. There is political momentum to bring it onto the Belgian agenda.

The need for a clearer understanding of the concept

There is no solid understanding of policy coherence for development yet, but Belgium is on the right track. The policy notes of the Minister of Development Co-operation show

how the understanding of policy coherence has varied over recent years. In the 2005 note, coherence was described to mean efforts to link the very different policy fields of diplomacy, trade, preventive diplomacy, conflict prevention and foreign affairs with development goals. It also addressed coherence of policies at the federal and federated levels for the first time – as recommended by the 2005 peer review. A year later, however, its definition was reduced to harmonising development efforts among donors – in particular EU donors. In 2008 it shrank further to only denote the co-ordination of development efforts among Belgium's different channels of delivery (CdrB, 2008a). It was only in late 2008 that Belgium again moved closer to the OECD definition, highlighting that development efforts need policy links with defence, security, justice and finance, particularly when working in fragile states. Health, agriculture, environment and improving the investment climate for the private sector are mentioned as meriting particular attention. The 2009 policy note reinforced these calls, putting the emphasis on coherence within foreign policy (humanitarian aid, diplomacy and security), and within justice and finance, and again stressed its importance for state building in fragile contexts. However, there is no specific vision for achieving this. Belgium would therefore benefit from making explicit its intention to work towards policy coherence for development in selected areas of government policy, bearing in mind the European Union (EU) policy coherence for development platform.

A better understanding of the concept of policy coherence for development is required as a first step. Both government and parliament continue to use the term to refer to internal co-ordination between the channels of delivery of Belgian aid, rather than the coherence of non-development policies with Belgium's development goals. In referring to policy coherence in the EU, the minister's policy notes are mostly about harmonisation, rather than policy coherence for development (CdrB, 2005 and 2006). The peer review team encourages NGO bodies such as 11.11.11 – the Coalition of the Flemish North-South Movement – to continue to lobby for a better understanding of the concept.

Progress towards a policy position driven by NGOs and DGDC

Important progress to reach a policy position was made in 2009 thanks to initiatives by NGOs and from within the administration. In his agreement with NGOs in May 2009, the minister promised to champion policy coherence so that all government policies contribute to the objective of eradicating poverty in developing countries (FPSAE & NGOs, 2009). Along with commitments to development issues such as debt relief to least developed countries and conforming to DAC reporting rules on military expenditures, he also promised to ensure that the following engagements on finance and trade, environment, climate change and security are respected:

- considering the development dimension in trade agreements
- promoting the equitable and sustainable development of trade
- fighting against tax havens
- implementing mechanisms that regulate the international financial systems
- implementing the European commitment to reduce greenhouse gases
- improving the Clean Development Mechanism
- mobilising additional resources for post-2012 climate change financing, and
- promoting innovative and additional financing mechanisms.

The Director-General of DGDC submitted a memorandum to the minister in October 2009 that contains a number of recommendations to improve policy coherence for development (DGDC, 2009e). These are in line with demands made by NGOs six months earlier. He pleads for better coherence between development co-operation and sustainable development, as well as with key policies (trade and agriculture, investment, finance and tax, migration, security and defence). The note recommends that explicit reference be made to policy coherence in the revised development law. As the minister is currently examining steps to take this forward, the peer review team encourages Belgium to address this issue at the highest level.

With the strong support from NGOs and the administration, there is momentum for the Minister of Development Co-operation to tackle the issue of policy coherence with his counterparts in government. A real debate would enable the policy coherence agenda to be internalised within the thinking of the entire government. The forum for dialogue around policy coherence that the minister pledged to launch as part of his agreement with NGOs could become a driving force for promoting the understanding of coherence, creating an open debate, and building an agenda for taking it forward. It will comprise the minister's Policy Cell, DGDC and NGOs and meet twice a year, starting in 2010. The peer review team encourages Belgium to use this momentum to find a common position on policy coherence for development, which confirms the entire government's commitment to it, and identifies the priority areas to be tackled.

Policy co-ordination mechanisms

Seeking common Belgian positions and operational approaches – some good first steps

The need for co-ordination is inherent in Belgium's complex federated system. The Belgian set-up, whereby both federal and federated entities are responsible for certain policy areas affecting developing countries (such as health or environment), requires co-ordination mechanisms that include federal *and* federated levels. This requires clear mandates and mechanisms, many of which already exist.

There are multiple mechanisms for co-ordinating Belgium's official positions. Belgium's position on issues discussed at the European level is co-ordinated by the Directorate-General on European Affairs and Co-ordination (DGE). The Belgian position on multilateral bodies such as the UN or the OECD is prepared the Directorate-General for Multilateral Affairs (DGM) through COORMULTI, a permanent inter-ministerial co-ordination mechanism. Such co-ordination mechanisms are valuable for bringing different policy actors into contact with each other and establishing a dialogue among them. However, Belgium's ministries would benefit from formulating common policy approaches that do not undermine their aid policies beyond the official position for multilateral consultations.

At the operational level, Belgium can demonstrate some laudable examples of co-ordination. Most of them cover policy areas connected to security, where Belgium aims to use 3D-LO approaches (diplomacy, defence, development, law and order). For example, the inter-departmental working group on Central Africa – with representatives of the FPS Foreign Affairs including DGDC, staff from the Premier Minister's office, FPS Finance, Interior and the Ministry of Defence – meets every week to exchange information and prepare common regional positions. In 2009 a national action plan for implementing UN Security Council Resolution 1325 on Women, Peace and Security was developed jointly by the FPS Foreign Affairs, the Commission on Women and Development, the FPS of justice and the interior, and the Ministry of Defence. A working group is driving the process. Civil and military engagement in Afghanistan and the Democratic Republic of the Congo have required co-ordination among the ministers of development co-operation and defence, as well as interior and justice. All of these mechanisms stimulate cross-policy dialogue and facilitate common operational solutions. Given Belgium’s strong links with fragile states, there is an urgent need to strengthen these internal co-ordination mechanisms further and use them to ensure that all relevant public actors involved know about and use international best practice in areas such as security sector reform.

Defining an entity to oversee policy coherence for development

Although Belgium’s efforts to co-ordinate operational approaches are positive, they cannot substitute for an institutional framework that allows coherent policies to be made in the first place. While several entities are tasked with co-ordination, there is no entity in Belgium with the explicit task of overseeing policy coherence for development. The Council of Ministers is the only official structure with the competence to discuss policies with an impact on development. It is also in a position to arbitrate between conflicting policies. However, a more deliberate use of the Council of Ministers will be necessary to achieve policy coherence, as the last peer review pointed out. The fact that development is represented by a minister offers an important opportunity in this regard. The peer review team agrees with the note from the Director-General to the minister which underscores the importance of ministerial leadership on this issue, as it helps to ensure development concerns are heard at the highest level (DGDG, 2009e).

Several options could be imagined to support the Council in its task of co-ordinating policy. The note by DGDC suggests the creation of a Federal Council for Development Co-operation, in which all relevant federal public services would be involved, together with the federated entities and other key development actors. If it were to be created, a better name for this body would be “council for development”, given that its aim is to go beyond a discussion of development co-operation to examine domestic and foreign policies. This council could add value by preparing topics to be taken up at the Council of Ministers. It would have the benefit of including actors other than ministries. As another option, Belgium could consider taking advantage of existing institutional mechanisms for sustainable development. It could also learn from the experiences of the Interdepartmental Working Group for Policy Coherence, which was set up in 2000 but discontinued soon afterwards.

Belgium has a promising new tool that could help ensure policy coherence for development. In 2007 the Ministerial Council introduced a sustainability test called EIDDD. It is used to screen all relevant draft policies for their economic, social and ecological impacts. It also explores the potential impact of the draft policy on developing countries. Though still in the early phases, this tool could help to reveal inconsistencies. Belgium should explore the options for using this tool systematically to highlight the development impact of policies.

Table 1. The building blocks for policy coherence for development in Belgium

Building block	Progress made by 2010	Recommended next steps
Building Block A: Political commitment and policy statements	High political commitment: policy coherence for development (PCD) mentioned in several high-level documents, such as the DC Minister's annual policy note.	Belgium would benefit from promoting a better understanding of the concept of PCD. It can build on progress in areas like the environment to expand policy coherence for development in other policy areas. This requires an explicit policy statement on PCD, building consensus at the ministerial level on how to take PCD forward, bearing in mind the EU policy coherence for development platform.
	The Note by DG to the minister proves the administration's genuine desire to support PCD.	
	The understanding of policy coherence is uneven. Too often is it used to describe internal co-ordination within the ODA system.	
Building Block B: Policy co-ordination mechanisms	Numerous co-ordination mechanisms on specific policy areas or geographical regions exist; the most advanced one being on the environment (sustainable development).	Find ways to better structure the co-ordination of policies at the ministerial level, and to co-ordinate policies between federal and federated levels on issues with an impact on PCD.
	An agreement between DGDC, the minister and NGOs (FPSAE & NGOs, 2009) creates a working group for policy coherence where NGOs and the government can exchange views on Belgian PCD.	
	A co-ordination committee ("comité de concertation") meets on a quarterly basis and brings together the Prime Minister and federated entities.	
Building Block C: Monitoring, analysis and reporting systems	Yearly government reports on MDG efforts to parliament since 2005 examine the use of ODA for the eight MDGs.	Build on existing reporting frameworks to monitor and assess efforts towards PCD that go beyond ODA and consider the contribution of other public federal services to development. Identify capacity within the administration, or systematically draw on NGOs' and universities' analytical work to highlight the impact of foreign and domestic policies on development.
	Biennial reports on sustainable development contain aspects related to (mostly domestic) poverty reduction.	
	The NGO umbrella body (11.11.11) published a report on PCD, proving a solid understanding of the concept and the Belgian potential.	

Monitoring and analysing policy impact on development

Belgium does not yet have a system for collecting and analysing evidence on the impact of specific policies on development, or for reporting to parliament and the public. A new opportunity has arisen with the minister's commitment made in the agreement with NGOs to include a chapter on policy coherence in his annual report to parliament (FPSAE & NGOs, 2009). This new chapter should be prepared by suitable experts within the administration. However, there is currently no staff in DGDC with a mandate to monitor policy coherence issues, a fact that parliament is worried about.

To date, Belgium's reporting has been limited to certain development topics. Its National Action Plan to implement the UN Security Council Resolution 1325 on women, peace and security, adopted in February 2009, requires a report every year. Similarly, its law on sustainable development requires a bi-annual report (see below). The 2005 law to monitor Belgium's contribution to the MDGs requires that a report is submitted to parliament each year. However, the MDG reports are little more than a summary of global efforts and a statistical analysis of Belgium's ODA with regard to the MDGs. Belgium should also use these various reporting opportunities to monitor the development impact of specific non-ODA policies.

NGOs have delivered substantive and high quality analysis of the effects of Belgium's policies on development. The Flemish NGO community (under the umbrella

11.11.11) dedicated its 2008 report to policy coherence, and exceptionally addressed it to all ministers. It highlighted the impact of Belgium's policies on security, weapons export, trade, agriculture, international financial institutions, natural resources, climate and migration on development (11.11.11, 2009). NGOs are encouraged to keep up this good work. Belgium would benefit from capitalising on their analytical expertise.

The example of the environment: excellent practice on which Belgium should build

Solid legal and policy foundations for sustainability

Belgium's environment framework bodes well for an environmental policy that is coherent with development goals, although it does not yet translate into policy coherence for development. Belgium's 1999 law on international co-operation sets development within the broader sustainability context: "The primary objective of Belgian International Co-operation is sustainable human development, to be achieved by combating poverty" (RdB, 1999). On the other hand, the *Federal Plan for Sustainable Development* (CdM, 2004) – updated every four years and approved by the Council of Ministers – noted that "the actions and measures for sustainable development must add value to the economic pillar, as well as the social and environmental pillars." Furthermore, a new article (7bis) was added to the Constitution in 2007, stating that "the federal state, the regions and the communities, within their respective competencies, are to be guided by the objectives of sustainable development in its three dimensions […]." Poverty reduction is mentioned as one of the three main goals in the consultation draft of the most recent federal plan for sustainable development (2009-2012). Despite all of this, however, federal plans in the past and subsequent reports show that the understanding of "sustainable development" is limited to development in Belgium, and to Belgium's population and economy. If these efforts put more emphasis on Belgium's global interactions, they could help promote policy coherence for development. Future federal plans for sustainable development are an opportunity for doing this.

Well-established institutional mechanisms

Belgium has solid mechanisms for addressing sustainable development in its policies. An Interdepartmental Commission on Sustainable Development (ICSD) was established under the responsibility of the Minister of Climate and Energy; representatives of the ministers of agriculture and of development co-operation are vice-chairs. The commission brings together representatives of each Federal Public Service and a member of the federal Planning Office, as well as regional governments and communities. In addition, a Federal Council on Sustainable Development (FCSD) was established as an advisory body that includes representatives of civil society. Its role is to advise the Belgian government on implementing its international commitments under the National Plan for Sustainable Development, such as the Millennium Declaration, and to submit a report on the sustainable development policy and its implementation every other year. Several ministries (including Development Co-operation) co-finance a technical and administrative secretariat for this council. A third body, the Co-ordination Committee of International Environment Policy, tries to bridge the division of powers among different authorities.[10] It brings together the representatives of federal and regional ministers

10. In Belgium, both federal and federated entities have a mandate for certain policies, environment being one of them.

charged with environment or conservation, DGDC, NGOs, research institutes, and the private sector.

Tools for integrating sustainability into other policy areas

The EIDDD "sustainability test" (mentioned above) introduced in 2007 to screen draft policies for their "economic, social and ecological" effects is complemented by a certification scheme for the administration, known as EMAS (Eco Management and Audit Scheme). The Belgian state endeavours to make environmentally-friendly management an integral part of all ministries, and to have every Federal Public Service EMAS-certified. BTC is already registered with EMAS. Any organisation that is EMAS-certified must have an environment policy, establish an environmental management system and publish an environmental declaration. This tool for "sustainability" could be complemented by a tool to test developmental compatibility in the same way.

Capitalising on achievements: towards sustainability in development abroad

In sum, a solid set-up has been in place since the mid-1990s to ensure that domestic policies are coherent with sustainable development. This includes broad consultation, connections between the federated and federal levels, a high-level arbitration body, and a reporting system. This is exactly the approach needed to implement policy coherence for development. Given that Belgium's agendas of sustainability and poverty reduction are inseparably linked, capitalising on this established set-up would avoid duplicating structures. Belgium could bring issues of policy coherence for (global) development onto the agenda of the Commission, Council, the Co-ordination Committee for sustainable development, and include them in the minister's yearly report to parliament.

Future considerations

- Belgium should promote a better understanding of the concept of policy coherence for development amongst government entities as well as the wider public.

- Belgium should develop an explicit policy statement that confirms the commitment of all ministries to policy coherence for development and outlines how it will seek to ensure that all its policies support its development objectives.

- With a statement on policy coherence in place, Belgium should identify what institutional frameworks and tools it will use to implement and monitor it. Ways forward could include building on the competency of the Council of Ministers, or building on existing structures and processes for ensuring sustainable development.

- The administration should draw on the existing analytical capacity of NGOs and universities to analyse the impact of specific policies on development.

Chapter 3

Aid Volume, Channels and Allocations

ODA volumes: substantial increases

Belgium is likely to meet its Monterrey pledge to increase ODA to 0.7% of GNI by 2010 despite the economic crisis. Its ODA will have grown by 80% in real terms between 2004 and 2010, according to recent projections. This will probably allow Belgium to join the group of five donors who have already met the 0.7% goal. Belgium is to be commended for this effort.

According to preliminary figures, Belgium's total ODA amounted to USD 2.6 billion in 2009 – a 44% increase in real terms from 2004. Over the same period, the ODA/GNI ratio rose from 0.41% to 0.55% and is now above the average DAC country effort of 0.48%.[11] Among the other DAC countries, Belgium ranks 14th in terms of volume and 6th in terms of aid as a percentage of GNI. Planned increases will probably bring the ODA/GNI ratio to 0.7% in 2010, helped by exceptional debt relief operations that year. Belgium's firm commitment to reach the 0.7% target by 2010 exceeds the EU target of 0.51%.[12]

Belgium's legal framework was central for securing the budgetary means to achieve this. The 0.7% target was first set by Belgium in 2000, and was enshrined in law in 2002. This law creates a laudable precedent for other DAC donors (Box 2).

Box 2. A legal basis for the 0.7% ODA/GNI target: good practice by Belgium

In 2002, at the United Nations' Monterrey Conference on Financing for Development, Belgium committed to reaching an ODA/GNI ratio of 0.7% by 2010. In the same year, it changed its Law for State Accountancy of 17 July 1991 to include a paragraph that determines that the government must include a "solidarity note" in its budget justification (*exposé général)*. The latter is a detailed document that accompanies the budget submission, but is not subject to a vote. This "solidarity note" shall explain "the measures [the government] envisages taking with a view to attaining, at the latest from 2010 onward, 0.7% of gross national income for the funds dedicated to Belgian ODA, according to a calendar of sustained yearly growth, and in line with the criteria established at the DAC of the OECD" (RdB, 2002b, Titre XI, chap.3, art. 458; and RdB, 1991, Art.10). The revised Law on State Accountancy has been in force since 10 January 2003, and a two-page "solidarity note" has been part of every budget justification since then.

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11. "Average country effort" means the unweighted average of DAC countries' ODA/GNI ratios.

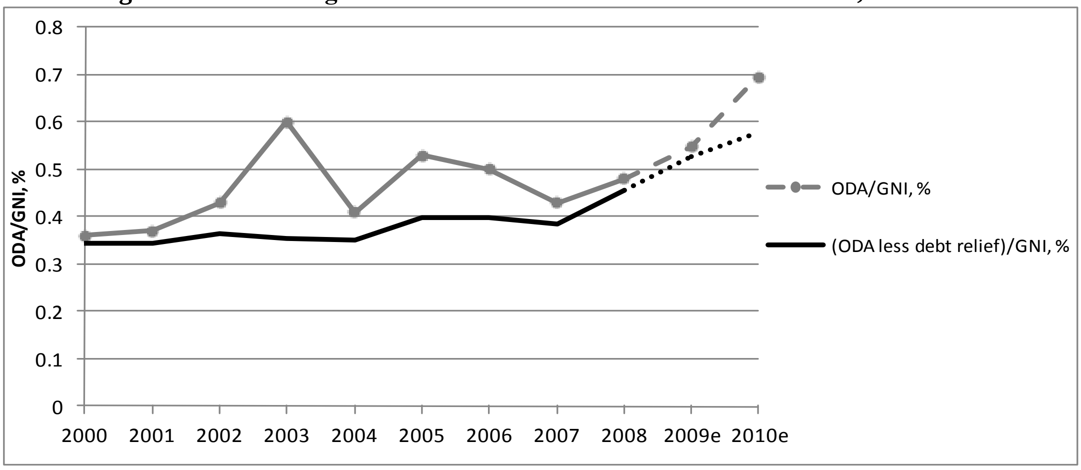
12. In 2005, all 15 EU members of the DAC committed to reaching a total ODA level in 2010 of 0.56% of their combined GNI, with a minimum country target of 0.51%.

Belgium has channelled the increases in ODA mainly through multilateral institutions. This is a strategy other relatively small donors have found advantageous as it requires few administrative resources. Belgium's multilateral ODA grew by 42% in real terms over the period 2004 to 2008 and reached USD 1 billion in 2008.[13] Bilateral ODA increased by 17% over the same period and amounted to USD 1.5 billion in 2008. Within this total, there was considerable "fresh money" for projects and programmes in developing countries (USD 60 million extra, an increase of 45%). The humanitarian component of bilateral aid also rose considerably over the period (by 71%), as did aid to refugees in Belgium (by 76%), while debt relief declined by 60%.

The challenge to sustain the budget increase

If Belgium reaches its goal of 0.7% of ODA/GNI in 2010, it will also be thanks to exceptional debt relief. Without debt relief, the ratio would be less than 0.6% (see Figure 3). This raises the question of whether the target can be sustained over the medium term. The current government is committed to maintaining it beyond 2010, and the Council of Ministers has approved a corresponding DGDC budget for 2010-2011. In 2005, Belgium established a framework for growth, based on a 0.45% ratio of ODA to GNI in 2005, and an annual increase of 0.05%. Yet both ODA and the ODA/GNI ratio diminished in 2006 and 2007. Subsequent ODA growth translated in great part to an increase in multilateral aid (see above). Debt relief was becoming increasingly insignificant up until 2009 (9% of ODA in 2007, 4% in 2008, and an expected 4% in 2009), but is expected to rise to 17% in 2010.[14] As debt relief will again decline in 2011, other components of the development co-operation budget will have to grow considerably to sustain the overall ODA/GNI level beyond 2010 and in the medium term. Belgium is encouraged to respect its commitment beyond 2010, and to ensure that the funding is found.

Figure 3. Belgium's ODA/GNI ratio and share of debt relief, 2003-2010



Note: estimates for 2009/10
Sources: DAC statistics for 2000-2008; 2009-10 estimations from Belgium (FPSFA, 2009a)

13. Figures in this paragraph relate to gross ODA.

14. This corresponds to EUR 410 million (USD 571 million), which includes EUR 309 million (USD 430 million) for the Democratic Republic of Congo, and other relief to Guinea Bissau, Republic of Congo and Togo.

A clearer strategy needed for allocating the new ODA

While the current government has indicated how it intends to allocate future increases in ODA, Belgium needs to better recognise the constraints it faces in disbursing its ODA resources, and develop a clearer strategy for addressing these constraints. The government intends to boost governmental co-operation, including budget support; to raise spending on special programmes – humanitarian aid, development awareness and private sector through the Belgian Investment Company for Developing Countries (BIO); and to increase the levels of aid to food security, agriculture and rural development.

However, the peer review team observed that several factors limit Belgium's ability to disburse in a timely manner. First, cumbersome internal administrative procedures are causing disbursement delays, and the high number of small projects and portfolios absorb considerable administrative resources. This limits Belgium's ability to accelerate spending through the government-to-government channel (Chapter 4). Belgium's intention to increase the use of budget support and delegated co-operation as a way to enhance the effectiveness of its aid (Chapter 5) could at the same time be a positive step towards easing its administrative burden. Furthermore, Belgian aid is in large part allocated to countries with limited capacity to absorb additional resources (Section 3.3.1.), and rates of execution of indicative co-operation programmes are low. In fragile contexts, there is a real risk of not being able to implement planned development programmes and spending plans. As Belgium allocates one-third of its portfolio to fragile countries, it needs to develop a risk strategy and different scenarios. For example, the new indicative co-operation programme signed for Burundi contains a clause that foresees the allocation of additional resources (EUR 50 million – USD 70 million – over four years in addition to EUR 150 million – USD 209 million – already agreed) if good governance criteria are respected (Annex D). Belgium has no plan for redirecting the planned ODA amounts in case of difficulty. To ensure full programming and spending of the increased ODA it has committed, Belgium should plan more strategically how it will allocate these increased resources, and embed the plans in a risk management strategy. As part of a medium-term strategy for development co-operation (Chapter 1), Belgium should adopt an explicit medium-term budgetary plan that addresses the question of how additional resources will be invested in development.

A variety of channels and little aid programmable at country level

Both federal government and federated entities hold ODA budgets. In 2008, the federal government managed USD 2.3 billion or 96% of ODA (Figure 4):

- DGDC, the main entity responsible for Belgian development co-operation, had a budget of USD 1.6 billion, representing 66% of total Belgian ODA. From 2008 onward, its budget absorbed most of the ODA growth.[15] DGDC splits its budget between multilateral co-operation; governmental co-operation undertaken mainly through indicative co-operation programmes (implemented by BTC); non-governmental co-operation consisting of subsidies to NGOs, universities and other scientific institutions, trade unions and non-profit organisations; and special programmes for food security (Belgian Fund for Food Security), private sector (BIO), and humanitarian aid.

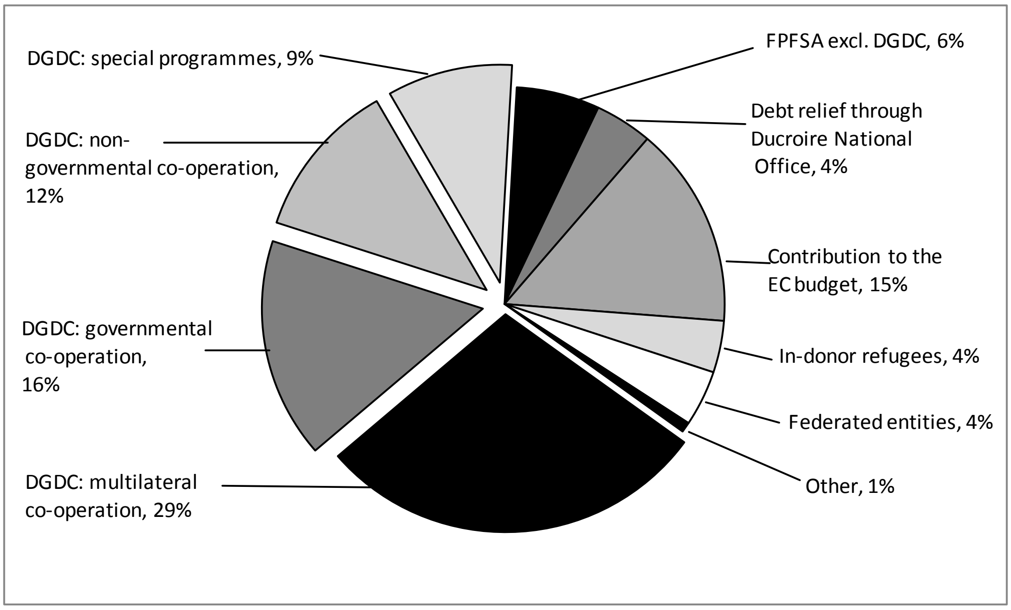
15 DGDC's budget grew by 28% in 2008 – an increase of 23% is expected in 2009 and 7% in 2010.

- Other directorates in the FPS Foreign Affairs had a combined budget of 6% (USD 146 million) in 2008. They deal with conflict prevention, some humanitarian aid (including B-FAST), and a modest multilateral portfolio.

- Other contributions include debt operations from the Ducroire National Office – the Belgian export credit agency, responsible for most debt operations; and contributions to the EC budget and to refugees.

Federated entities allocate USD 99 million or 4% of ODA. They have increased their ODA budget by 26% in real terms since 2005. The federal government called for federated entities to contribute to the 0.7% target by committing themselves to provide 5% of total ODA. In 2009, the Flemish government alone committed to double its contribution to ODA by 2020, and aims to provide at least 7% of all Belgian ODA. As stated in its 2006 note on international policy (WBI, 2006), Wallonia-Brussels International also aims to regularly increase ODA funds as much as it can. Approximately 25% of the ODA budget held by federated entities is channelled through NGOs, and 15% through earmarked contributions to multilateral organisations. In addition, federated entities also make core contributions to a few multilateral organisations.

Figure 4. Composition of Belgian ODA, 2008



Source: FPSFA, 2009a

Belgium delivers aid through a variety of channels, including NGOs and other non-governmental actors, and multilateral institutions. The multilateral system receives approximately half of all Belgian ODA (Section 3.5). At 12%, NGOs receive a large share of total net ODA compared with most donors of similar size and compared with the DAC average of 7%. The reform for co-financing NGOs (Chapter 4) created a scheme for authorised NGOs to be funded on a three-year programme basis (see Section 4.2.1). The focus on NGOs is set to continue: in its 2009 agreement with NGOs, the government committed to increase the budget allocated to NGO partners by 3% every year from 2011 onward (FPSAE & NGOs, 2009).

Country programmable aid[16] represents only 32% of Belgium's total bilateral aid. This was the second-lowest share among DAC members in 2008. It reflects the fact that two-thirds of Belgian bilateral aid consists of contributions that cannot be programmed at country level, such as imputed student costs, direct subsidies to universities and NGOs, aid to refugees, and aid extended by federated entities and BIO (in addition to debt relief, humanitarian aid, and administrative costs). The projects BTC is implementing for DGDC represent only 16% of all ODA – 27% of bilateral aid. This indicates the rather limited influence of DGDC priorities and policies on Belgium's aid, including on focus countries and sectors of concentration. While Belgium intends to scale up its core governmental co-operation and has almost doubled the budget envelopes for the 13 indicative co-operation programmes signed since 2008, it is important that it also continues to enhance its strategic collaboration with non-governmental and other actors (NGOs, universities and other scientific institutions, trade unions, BIO) and to strengthen its co-ordination mechanisms and tools to ensure policy consistency across the Belgian aid programme.

Bilateral allocations reflect policy priorities

Geographical concentration: on the right track

Belgium's allocation of ODA reflects its policy and strategic principles. In line with its commitment to Central Africa, the three focus countries in this region – Burundi, Democratic Republic of Congo and Rwanda – are among the top five recipients of Belgian aid and together receive 21% of gross bilateral ODA (Table B.4, Annex B). Belgium also follows the 1999 Law on International Co-operation, which states that the degree of poverty is the first criterion for selecting focus countries. Belgium allocates a larger share of bilateral ODA to sub-Saharan Africa (58% in 2008) and to least developed countries (55%) than the DAC average (Table B.3).[17] It also emphasises work in fragile contexts: Belgium allocates approximately one-third of its aid to fragile states,[18] with 6 out of 18 focus countries considered fragile – Burundi, Democratic Republic of Congo, Niger, Palestinian Administered Areas, Rwanda, and Uganda.

The goal of geographical concentration is enshrined in law, and Belgium pays continued attention to this, as recommended by the last peer review. It has not changed the list of its 18 focus countries[19] adopted in late 2003. An important and innovative step towards better geographical concentration was the 2009 agreement that the Government of Belgium signed with the NGOs (FPSAE & NGOs, 2009).

Belgium is fulfilling its decision to concentrate more aid in fewer countries. It has set itself the goal of being among the top 10 donors in at least 10 of its poorest focus

16. Country programmable aid consists of aid that a donor can programme at country level. It excludes debt relief, humanitarian aid, administrative costs and other in-donor expenditures.

17. These shares have decreased since 2004, due to the near absence of debt relief to the region in this period.

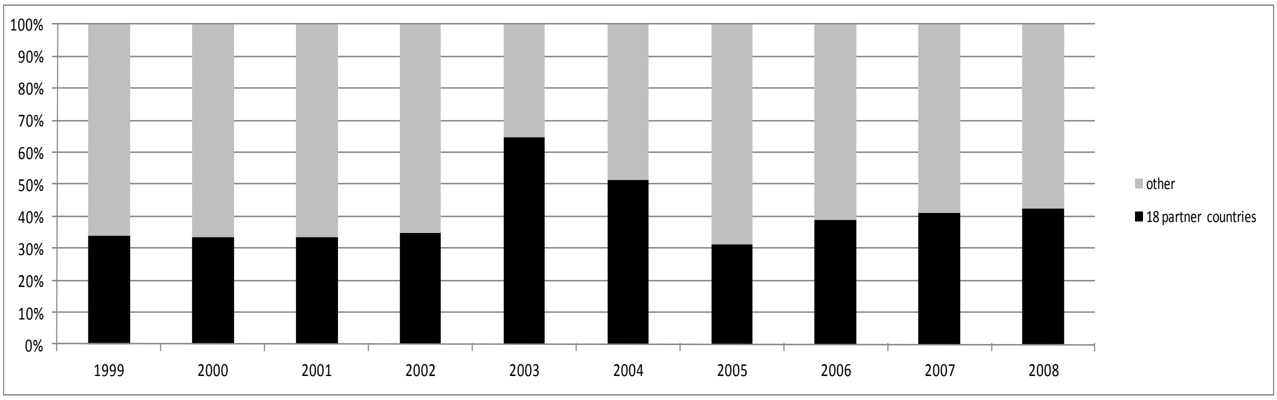
18. 2008 bilateral gross data excluding debt relief.

19. Algeria, Benin, Bolivia, Burundi, Democratic Republic of Congo, Ecuador, Mali, Morocco, Mozambique, Niger, Palestinian Administered Areas, Peru, Rwanda, Senegal, South Africa, Tanzania, Uganda, and Viet Nam.

countries (CdrB, 2008b). This goal is commendable as it is likely to improve the efficiency of Belgium's aid. Achieving it will require a significant financial effort by Belgium, as many other donors are active in these countries too. Belgium has gradually increased its concentration on the 18 focus countries (Figure 5; the current focus countries were selected in late 2003, down from 25 countries in a list valid between 1999 and 2003). Combined, focus countries represented 42% of aid in 2008. In that year Belgium was among the top 10 donors in 8 of its focus countries (5 least developed countries), up from 6 a decade ago, and had improved its ranking for 6 of the remaining focus countries.

Figure 5. Shares of bilateral ODA allocated to focus countries, 1999-2008

% of bilateral gross ODA



Note: The chart shows the shares of bilateral aid allocated to the current 18 focus countries, selected in late 2003.
Source: DAC statistics

However, there is room for further concentration, with 87 non-focus countries receiving a combined 25% of bilateral ODA.[20] This included humanitarian and conflict prevention interventions by the FPS Foreign Affairs, state-to-state loans, activities by NGOs and other non-governmental actors, BIO, Belgian Fund for Food Security, and the federated entities. Recent statistical analysis of country programmable aid figures (OECD, 2009g) suggests that Belgian aid is "small" in 26 countries, including two focus countries (it provides proportionally less aid to these recipients than it does globally, and is among the smallest donors). The concentration ratio derived on this basis is 49%, well below the DAC average of 58%, suggesting room for further concentration in future[21] (Figure 5).

Concentration on two to three sectors in focus countries

Within the priority sectors defined in the 1999 Law on International Co-operation (Chapter 1), Belgium focuses particularly on education, health and government and civil society. It allocates 13% of its bilateral ODA to education, which is above the donor

20. Focus countries received 42%, and non-focus countries received 25%. The remainder of this share was not allocated at the country level (33%) but spent either on administrative costs, aid to refugees, imputed student costs, and awareness raising or on regional programmes (3%).

21. This analysis is based on country programmable aid, and excludes activities below a threshold of USD 250 000.

average (9%); as well as 11% to health and 11% to government and civil society, which is roughly in line with the DAC average. In total, it allocates 44% of bilateral ODA to the social sectors. Productive sectors receive 8%, and economic infrastructure and services 7%, which is much less than the DAC average of 15%. Belgium intends to increase its focus on the productive sectors (Chapter 1). Among these, agriculture is the only priority sector that Belgium has defined, and also the only sector for which it has set itself a spending target – 15% of ODA by 2015 (Chapter 6). While such spending targets may be an incentive to sharpen the focus of the aid programme, Belgium should refrain from setting more spending targets. Experience of other DAC members has shown that they can create tensions with the need to align to partner countries' priorities. With the decision to limit indicative co-operation programmes to two or three sectors (three sectors in Central African countries) and to always include one productive sector, the sector concentration of government co-operation is expected to improve and the balance to shift more towards productive sectors. However, this will only be visible in a few years' time, once interventions are implemented under the new indicative programmes (Chapter 5).

In addition to the five priority sectors, the Law on International Co-operation defines four cross-cutting themes (Chapter 1). In its statistical reporting to the DAC, Belgium includes data for all policy markers:[22] environment, gender equality, governance and the Rio conventions. The coverage is not complete, but Belgium is making an extra effort to improve its reporting on gender equality: all DGDC desks received special training on this policy marker in 2009, and in 2007-08 66% of aid was assessed against the marker, up from 51% in 2005-06. Belgium is to be commended for this. This reporting also shows that 57% of Belgium's aid allocated to sectors addressed gender equality in 2008.

A few ODA loans still tied to Belgian exports

The FPS Finance manages a small ODA loan programme of USD 38 million[23] and the "financial export support" division of the FPSFA grants ODA interest subsidies for two purposes: to promote Belgian exports, and to develop partner countries. However, for these funds to qualify as ODA, the developmental motive must take precedence over the interests of Belgian exporters. Instead, two facts may raise some doubt on this score. Firstly, a considerable volume of debt relief relates to loans or credits originally supported through the FPS Finance scheme, which indicates that Belgium may not have paid enough attention to the reimbursement capacities of its debtors, and this can also be observed in the case of other donors. Secondly, fewer loans have been extended to least developed countries (LDCs) since the DAC recommendation to untie aid to these countries came into force in 2001, suggesting reduced interest in these loans now that they can no longer benefit Belgian enterprises. Tied loans to non-LDC developing countries have increased, and these benefit Belgian exporters. Belgium should re-think the rationale of its loan and export promotion programme, and try to better integrate it with current work to develop a strategy for private sector development in partner countries (Chapter 1).

22. Instruments for measuring aid targeted at policy objectives.

23. This amount refers to annual commitments in 2007-08.

Humanitarian aid

Following the recommendation from the previous peer review, Belgium has increased its allocation to humanitarian aid both in absolute and relative terms, which is commendable. Bilateral humanitarian aid rose by a considerable 71% in real terms between 2004 and 2008, from USD 58 million to USD 127 million. It now represents 9% of bilateral gross ODA, compared to 6% in 2004. The International Committee of the Red Cross has been a major recipient; the volume of Belgian aid channelled through it doubled between 2004 and 2008. Multilateral humanitarian aid grew too. Belgian contributions to the United Nations High Commissioner for Refugees (UNHCR), the United Nations Office of Co-ordination of Humanitarian Affairs (OCHA) and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) all substantially increased in 2008.

In 2007-08, interventions for emergency responses represented 60% of all Belgian humanitarian aid. Reconstruction relief accounted for 33%, and disaster risk reduction for 7%, which is above the DAC average of 2%. Within the *Strategic Plan*, Belgium defines the central African Great Lakes as its main region for humanitarian programming (Annex C). In line with this focus, the Democratic Republic of Congo and Burundi combined received 43% of total humanitarian aid in 2007/08. The remaining humanitarian budget was spread among numerous beneficiaries (55 countries). Most of these interventions were handled by multilateral institutions[24] (60%), NGOs (25%), and to a lesser extent BTC (reconstruction relief), and B-FAST.

Strong and increasingly efficient support to multilateral organisations

Belgium considers multilateralism to be a crucial foreign policy instrument. It expects multilateral institutions to play a major role in achieving the MDGs through their normative mandate, neutral status allowing for consensus, economies of scale leading to efficiency, and capacity for implementing larger scale programmes (CdrB, 2008b). This strong support translates into a 40% share of Belgian gross ODA channelled as core contributions to multilateral institutions, which is well above the DAC average of 26% (see Table B.2, Annex B). Considering other bilateral aid channelled through multilateral institutions (non-core voluntary funding and multi-bi contributions), the total use of the multilateral system represents almost half of all Belgian ODA. Funding to multilateral agencies is allocated in four-year periods. Multilateral agencies appreciate Belgium's active participation on their boards, and its highly qualified personnel.

Belgian multilateral ODA prioritises financing the EU institutions (the EC and the European Development Fund) and the International Development Association (IDA). The renewed focus on humanitarian aid and agriculture translates into greater contributions to organisations active in these areas. Contributions to the EU institutions steadily increased by 29% between 2004 and 2008, and now represent 54% of the Belgian multilateral portfolio. Contributions to the IDA increased in 2008 to catch up on payment arrears, and now account for 27% of Belgian multilateral ODA. Resources allocated to the UN grew by 10%, and account for 8% of total multilateral ODA: humanitarian organisations such

24. Multilateral recipients were notably the World Food Programme (WFP), but also UNHCR, FAO, UNICEF, and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNWRA).

as UNHCR and UNRWA benefited from increases in 2008. From 2009 onward, Belgium will also increase its contributions to multilateral institutions active in its sector/thematic priority areas – *i.e*. to the International Fund for Agricultural Development (IFAD) and Consultative Group on International Agricultural Research (CGIAR) for food security; and to the United Nations Children's Fund (UNICEF) for children's rights.

Towards more core funding

In his policy note of November 2008, the Minister of Development Co-operation announced a new approach to multilateral organisations (CdrB, 2008a). In order to further improve the effectiveness of its multilateral funds, Belgium decided that from 2009 it would direct DGDC's voluntary contributions to the multilateral agencies' core budgets, and refrain from earmarking funding for specific projects. This new approach is positive as it allows multilateral agencies to allocate resources in a strategic manner, to become more efficient, and to react to acute needs. This is particularly true for multilateral organisations with a humanitarian mandate. In 2009, Belgium redirected a total of USD 45 million from the non-core to the core budgets of seven organisations.[25] These multilateral organisations welcomed Belgium's new "full core" approach. To increase the significance of its multilateral contributions and gain influence, Belgium has also set a target of providing 1.55% of the total core budget of each of its 21 "partner" organisations (those eligible for voluntary contributions; CdrB, 2008b). The peer review team commends Belgium for taking this full core approach. At the same time, it suggests it should be applied more broadly, where it enhances effectiveness. For example, it currently applies only to voluntary contributions from the DGDC multilateral budget, but does not apply to other departments of the FPS Foreign Affairs, other federal public services, or federated entities, which limits its positive impact.

Belgium has made progress towards more strategic allocations to multilateral agencies, and is in the process of formulating a strategy for its multilateral co-operation, as recommended in the last peer review. The new strategy will be important to consolidate the full core approach. This new approach has not yet been vetted by parliament which is concerned that it would entail a loss of control over the multilateral system. The peer review team congratulates Belgium for becoming a member of the Multilateral Organisations Performance Assessment Network (MOPAN) in February 2010. This is a positive step forward from monitoring multilateral agencies solely through its attachés, and will help address parliament's concern of loss of control over the multilateral system. The annual consultations Belgium holds with its multilateral partners also allow it to exert influence, and they are welcomed by multilaterals as being more efficient than evaluating individual projects. Still, multilateral organisations seem to have little access to Belgium's experience from the field through its bilateral programmes, as already noted by the last peer review. Belgium also needs to better recognise and make use of synergies between bilateral and multilateral approaches.

Belgium contributes to the governance of the multilateral organisations it supports through its representation on the boards of the international financial institutions (IFIs). The FPS Finance is responsible for this, while DGDC only has an advisory role. One possibility for promoting Belgium's development perspective within the IFIs' boards and

25. The United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA), UNICEF, United Nations Development Fund for Women (UNIFEM), United Nations Capital Development Fund (UNCDF), United Nations Environment Programme (UNEP), and International Labour Organization (ILO).

to help implement a multilateral strategy would be to institutionalise the co-representation by DGDC/FPS Finance on these boards. Other donors (Australia) have found that this approach has helped improve co-ordination between the development co-operation and finance ministries.

Future considerations

- Belgium is commended for making substantial increases to its ODA budget and for meeting its international targets. However, it needs to consider increasing the levels of its programmed aid urgently, if it is to continue to meet its 0.7% ODA/GNI target in 2011 and in subsequent years, when the volume of debt relief is expected to decline.

- Belgium should develop a clearer strategy for allocating and disbursing its considerably increased ODA resources in a predictable, timely and developmentally-effective manner, especially given its rather heavy administrative procedures.

- Belgium also needs to better acknowledge its focus countries' limited absorptive capacities, and that their instability is a risk factor in implementing its programme. It should develop risk management strategies.

- Belgium is encouraged to pursue the application of its full core approach to multilateral funding, broaden its application beyond DGDC and ensure all of its multilateral partner organisations benefit from this approach. Its planned strategy on multilateral co-operation could need to explore further synergies between bilateral and multilateral approaches.

Chapter 4

Organisation and Management

Belgium's modernisation efforts and its international commitments require reforms of its organisational and managerial system. Initiatives since 2007 have brought new – and very positive – impetus to Belgium's reform of the development co-operation system that began in 1999. The key challenges to the reform efforts lie in building a human resources policy and internal processes that cater to the special needs of development co-operation, such as flexibility and field orientation. This chapter emphasises that DGDC should be the focus of this reform. Despite being set up as the key driver of development co-operation, it has yet to play that role fully.

Organisation and system

The challenge to deliver as one

The Minister of Development Co-operation, one of two ministers at the Federal Public Service Foreign Affairs (FPS Foreign Affairs), determines the policy and strategies of the Directorate-General for Development Co-operation (DGDC). DGDC, which is under his remit, has the mandate to "organise and devise" Belgian development co-operation (RdB, 2002a). Two-thirds of Belgian ODA is managed by DGDC, clearly placing it at the core of the system (Figure 2). DGDC interacts with a large number of players who also deliver ODA. Belgium Technical Co-operation (BTC), a public corporation founded in 1998, remains DGDC's exclusive implementing partner for governmental co-operation. DGDC also funds specialised actors – such as the Belgian Investment Company for Developing Countries (BIO), a public company founded in 2001 – and manages the Belgian Fund for Food Security (BFFS), instituted by parliament and funded by the National Lottery. It also funds (or co-funds) organisations through non-governmental co-operation, including 114 accredited NGOs, several universities and scientific institutions, three labour unions, and three associations of cities and communes. Some other instruments are under the remit of the Ministry of Foreign Affairs and Trade. Conflict prevention and resolution and B-FAST, an inter-departmental structure that can deploy its own emergency teams, are part of its portfolio and budget, and are not part of joint planning under the indicative co-operation programmes. This is also the case for FINEXPO, created in 1997, an inter-ministerial committee that examines requests for financial support to exports. Three ministers deal with a multilateral ODA portfolio – the two at FPS Foreign Affairs, and the Minister of Finance. The FPS Finance represents Belgium at the World Bank and the international financial institutions, though DGDC provides the funding to these organisations.

The federated entities of Flanders and Wallonia-Brussels International both have their own representations in partner countries. In 2010 for the first time, Belgium signed a joint Belgian-Flemish-Walloon project in Rwanda, involving BTC, the Flemish association for development co-operation and technical assistance (VVOB), and the French community's association for promoting education abroad (APEFE). Such collaboration is laudable and should continue.

Harmonisation begins at home

Belgium is making efforts to co-ordinate its numerous actors. In 2008 the Minister of Development Co-operation initiated a yearly meeting in Brussels – *les Assises* – to which all Belgian development actors are invited. As the last peer review pointed out, such efforts are essential because the advantage of having a variety of approaches can be undermined when institutional complexity threatens the coherence of overall action. A coherent programme is particularly important in fragile and transitional contexts. Belgian co-operation in Burundi (Annex D) demonstrates that this remains a challenge. Here, the multiplicity of institutional structures translates into a complex array of instruments, processes, and budget lines. This in turn creates an administrative challenge for the embassy, whose attachés are expected to monitor, consult and advise the Belgian entities despite the fact that most do not fall under their remit. This time-consuming process prevents attachés from fully assuming their strategic function in governmental development co-operation. Delivering coherent programming that maximises the impact of Belgian aid is difficult under such circumstances. Good personal relations between the attaché and other local representatives cannot make up for the absence of coherent frameworks. Belgium needs to ensure that the strategic planning of its many development actors is linked up and coherent at all levels, and that relationships among the players are clear. A part of the solution could be for DGDC to be represented on the boards of BTC and BIO, similar to the practice of other donors.[26] This should facilitate consistency and continuity between aid policies and their implementation. Agreements between the Belgian Embassy and the field representations of the federated entities would also help clarify their roles. Complementarity, synergy and "harmonisation at home" are prerequisites for an effective system (see Section 4.2).

The need for a stronger DGDC to take the policy lead

DGDC interacts with the other five directorates of the FPS Foreign Affairs, primarily with the directorates on bilateral (DGB) and multilateral affairs (DGM) (Figure 6). After becoming integrated into the FPS Foreign Affairs in 2002, DGDC moved into its building in 2007. This positive step allows for information exchange and common analysis among directorates.

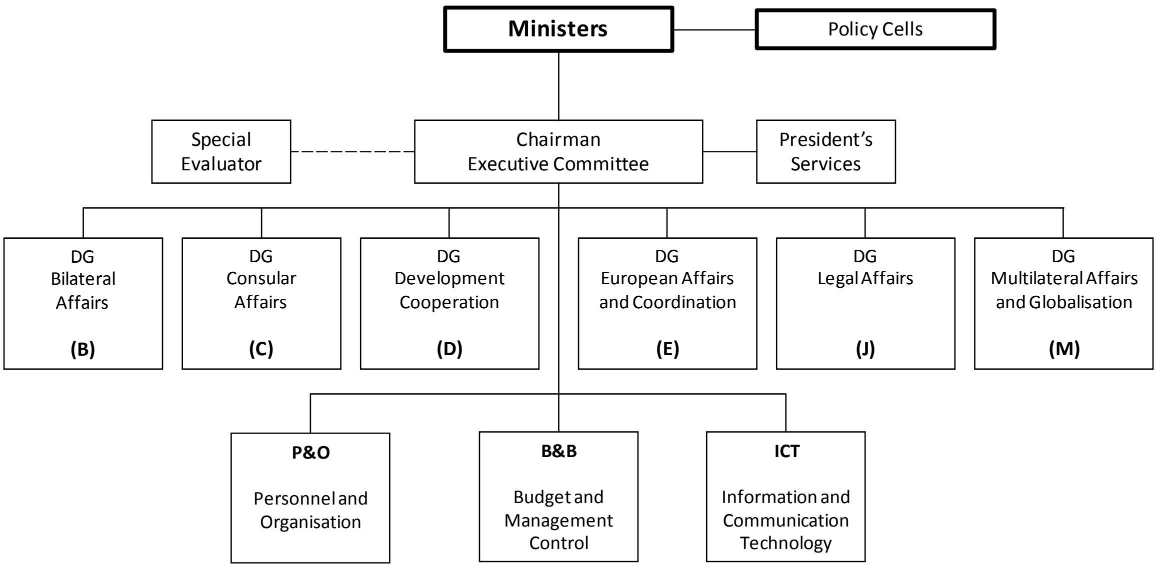
DGDC is organised in parallel vertical structures; the five operational directorates and three support services report directly to the Director General (Figure 7). Clear policy guidance is indispensable for an institution organised in this way. The Policy Support Unit, D0.1, bears the responsibility for drafting strategies and guidance. However, these strategies are not being applied widely. For example, the unit struggles to get directorates to take ownership of the aid effectiveness principles. Part of the reason is that the unit's role is not sufficiently recognised within DGDC. If DGDC was better aware of the unit's

26. Austria, Luxembourg, Germany and France have such set-ups.

mandate, its strategies could have more impact on the players whose actions DGDC is trying to harmonise. Another reason may be that its staff does not have sufficient seniority and therefore not enough weight. To be in a position to design relevant strategies, it needs personnel with analytical skills, operational experience and the ability to provide strategic direction. Policy direction needs to be complemented by horizontal co-ordination mechanisms to ensure different departments adhere to the same approaches. The recently created working group on aid effectiveness and the network on results-based management are such examples and merit being pursued.

DGDC's management plan recognises that the organisation's strength lies in its mandate: to prepare and support policy development and to monitor interventions. However, the DGDC does not yet play this leading role. One reason is that there are two policy-making units – the minister's Policy Cell and the director-general's Policy Support Unit (Figures 6 and 7). Even though ministerial cabinets were supposed to be abolished in Belgium's administrative reform to reinforce the autonomy and responsibility of the directorates, the minister's Policy Cell –counting among its 30 staff members some highly qualified and experienced academics - largely continues to play the role of the previous cabinet, and is internally still called a "cabinet". It is mandated to work out policy proposals in close consultation with DGDC.[27] Clarifying the mandate for policy guidance and the division of labour between these two entities would help Belgium's development co-operation to become more efficient.

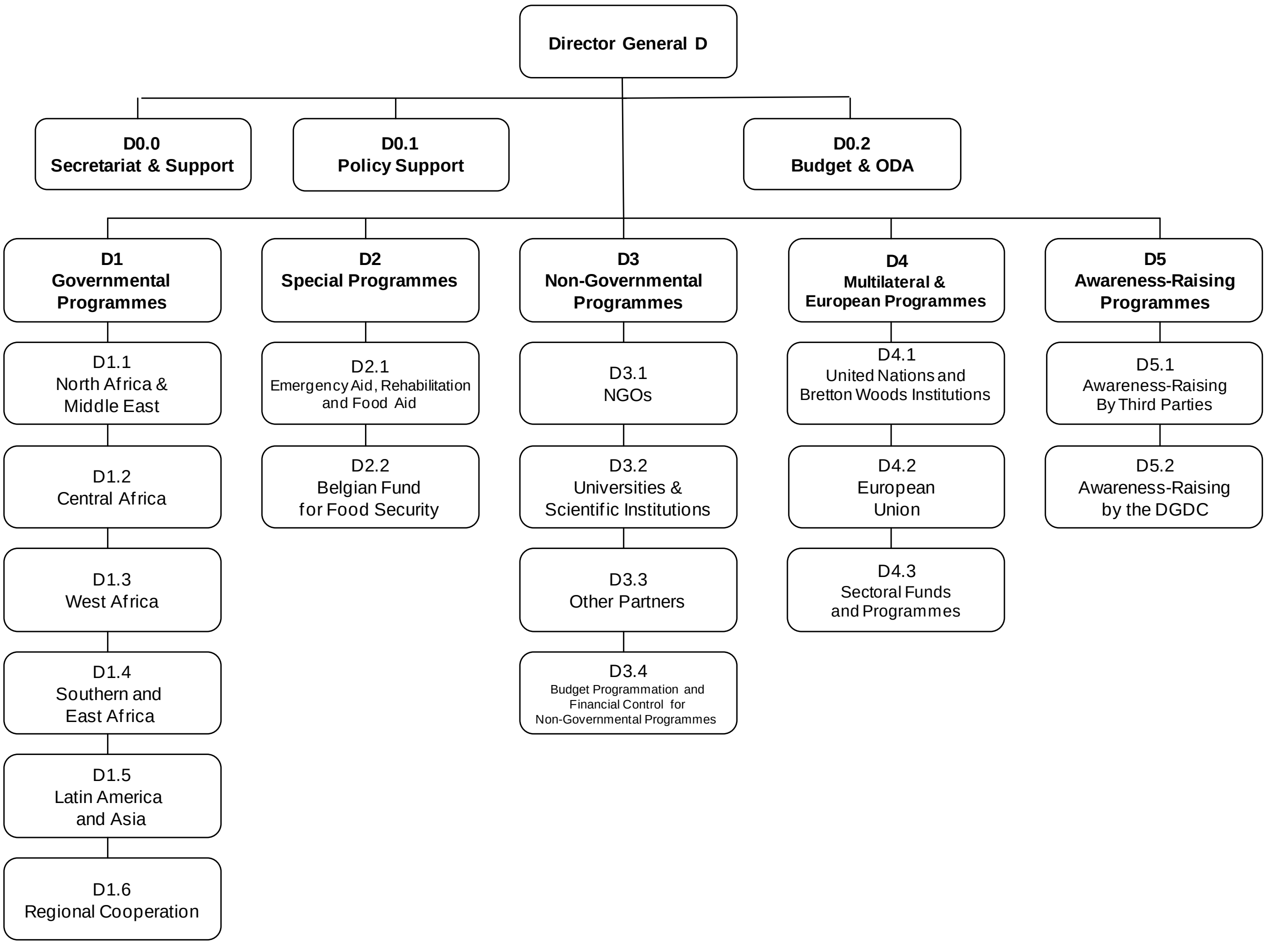
Figure 6. Organigramme: Federal Public Service of Foreign Affairs, Trade and Development Co-operation



Source: FPSFA, 2009a

27. Source: Portal Belgium.be (www.belgium.be), accessed 12 March 2010.

Figure 7. Organigramme: Directorate General for Development Co-operation



Source: FPSFA, 2009a, updated February 2010 to reflect changes in the evaluation function

An empowered BTC in need of strategic backing

BTC has been strengthened over recent years. Its turnover grew from EUR 119 million in 2004 (USD 148 million) to 217 million in 2008 (USD 313 million). It has tripled its number of sector and thematic experts since the last peer review. With a new research and development unit in place since mid-2009, it has new tools to promote reflection on issues such as aid effectiveness, results-based management, and institutional support. BTC has become a respected organisation in Belgium and abroad, with a reputation for being competent, professional and financially transparent. It plans to change its name from Belgian Technical Co-operation to the Belgian Development Agency (BDA), as it considers its responsibilities to have grown beyond those of a purely executing agency conducting technical co-operation towards those of a development agency that, among other things, acts as an interface with local authorities.

BTC remains DGDC's exclusive implementing agency for governmental co-operation, based on indicative co-operation programmes. The third management contract between BTC and DGDC (2007-2011) has helped to clarify their division of labour (Table 2). DGDC's role is to prepare the indicative co-operation programmes, finance co-operation, and ensure the quality of interventions by BTC. Co-operation attachés have relinquished some of their operational co-ordinating functions at the country level. BTC, rather than DGDC, is responsible for formulating projects together with the partner country. This separation of the strategic from the technical and sector co-ordination responsibilities is a good basis for effective collaboration but cannot be implemented in a rigid way. In particular, DGDC must have access to BTC technical skills and expertise when it formulates strategies and policies to ensure they are in line with lessons emerging from the field. In the field, too, flexibility is required, especially for politically sensitive sectors such as justice, where the embassy has an important role to play by supporting the process through its diplomatic relations with the host country. A joint representation of DGDC and BTC at the country level, under the strategic leadership of the co-operation attaché, would facilitate the interaction both between these two institutions, and with the partner country.

The issue of administrative costs will become critical during negotiations on the fourth management contract between DGDC and BTC. Currently, BTC's allowance consists of a flat rate of EUR 20 million per year (USD 28 million) for governmental co-operation, adjusted for inflation, and 12% for each additional activity. This lump sum was calculated on the basis of a turnover of EUR 150 million (USD 209 million), an amount that BTC has since exceeded. As the turnover has partly grown thanks to an increase in budget support - for which administrative costs are handled through separate bills – reconsideration of this issue will require looking into the details.

The need for further decentralisation and simplification of processes

Decentralising decision-making authority

Belgium is the DAC member with the third-highest concentration of staff at headquarters (OECD, 2009b). Of 588 development co-operation staff, 70% are based in Brussels: the entire staff of the policy cell of the Minister, 72% of DGDC staff, and 60% of BTC personnel. In both the Copernicus reform and the 2007 *Harmonisation and Alignment Plan* (DGDC, 2007b; see Chapter 5), Belgium has made a commitment to decentralise its co-operation. Decentralisation efforts have been evident in bilateral government co-operation, where Belgium has made laudable efforts to delegate the preparation of the indicative programmes to the embassies in its 18 partner countries. The minister has also recently instructed attachés to not only engage with government co-operation actors, but also with other Belgian co-operation channels (DGDC, 2008b; DGDC, 2009a). Attachés are now asked to monitor and advise headquarters on the activities and projects implemented by BIO, BSF and multilateral and non-governmental actors funded by Belgium. This is a positive step.

While preparation and monitoring of governmental co-operation programmes are now mostly in the hands of the embassies, most strategic decisions and also more modest decisions about projects are still taken in Brussels (Annex D). Decisions about NGO financing, multi-bi funding, BIO, and the Belgian Fund for Food Security continue to be made by the minister, with the advice of the finance inspector. The attachés' new monitoring and advising responsibilities are not yet complemented with appropriate decision-making authority, and instead add considerably to their workload. This raises the risk that widely-discussed suggestions from the field can be overridden by the ministry (Chapter 5). While it is necessary for some key decisions to remain with the minister, delegating more strategic and operational decision-making authority to the attachés – in particular in the case of government co-operation, but also more generally - would help deliver more demand-driven, field-oriented and effective aid (Table 2). This requires the attaché to have access to expertise to implement common standards and strategies. Creating this knowledge – for example through targeted training for all development co-operation attachés and easier access to BTC's knowledge – would help the attachés exercise their leading role.

Table 2. Belgium's decision-making process for governmental co-operation

Steps in planning and implementing the new generation of ICPs and their projects since 2008

		Stage of cycle	Headquarters	Field	Partner
1	Indicative Co-operation Programme	Draft of scenario		Embassy, with BTC	
2		Approval of scenario	DGDC (D1)		
3		Diagnostic, defining sectors, cross-cutting issues, total envelope. Incl. BTC's *note d'appréciation* of ICP		Embassy, BTC, indirect Belgian actors, donors	(consultation)
4		*Note de base*		Embassy	
5		Consultations in Brussels, Note to Minister (D1). Possible mission to the field by D1 or other services	DGDC (D1, FPSFA, indirect actors, D0.1)		
6		Approval of *Note de Base*	Policy Cell, Minister		
7		Country-level negotiation and elaboration of ICP (operational planning). Draft ICP submitted to DGDC		Embassy (with BTC)	Ministries
8		Consultation in Brussels. Summary record of consultation is sent to the field.	All actors: Policy Cell, DGDC, BTC, indirect actors, etc.		
9		Possible field mission by D1	D1		
10		Integration of HQ comments into ICP. Field proposes final ICP to D1 / D.0 who submits it to FPSFA		Embassy	
11		Approval of ICP	Policy Cell, Minister,		
12		Final negotiation by Joint Commission for ICP. Minor changes possible.	Minister represented by DG or D.1	Embassy	Gov official
13		Approval of additional *Note de base* in the case of budget support	Finance Inspector, Policy Cell, Minister	Embassy, BTC	
14	BTC Projects under ICP (excl. budget support)	Identification of projects (based on template)		*[BTC, Embassy support]*	Ministries
15		Approval of identification of projects	[D1 possible]	*(Special) Partner Committee (SMCL):* BTC, Embassy (decision)	 Ministries
16		Approval of TOR (drafted by BTC) for consultants to formulate project		Preliminary SMCL Embassy	 Ministries
17		Project formulation	BTC (consultants)		Ministries
18		Approval of Project formulation		Preliminary SMCL	
19		Drafting of Technical and Financial Dossier (DTF)	BTC (consultants)		
20		Approval of Technical and Financial Dossier (DTF)		Preliminary SMCL incl. Embassy + "Avis motivé" Attaché to DGDC	
21		Approval of Technical and Financial Dossier (DTF)	Quality control committee		
22		Approval of Special Convention, drafted by Embassy, submitted with DTF through BTC > DGDC	Finance Inspector, Minister		
23		Signature of special convention		Embassy	Government
24		Implementation Agreement DGDC-BTC (immediately after special convention)	Finance Inspector, Minister, BTC HQ		
25		Project implementation with partner; monitoring		SMCL: BTC, Partner government	
26		Accounting	BTC finance (yearly)	BTC finance (monthly)	
27		Authorisation of yearly tranches for BTC	Finance Inspector		
28		Financial Audit of BTC(every 1-3 years)	External Auditor BTC, General Auditor	(includes a field mission)	External auditor for co-mgt
29		Performance Audit of BTC (yearly)	Special Evaluator		
30		Any changes in implementation agreement or convention on (1) objectives, (2) duration, or (3) amounts require exchange of letters with Minister	Finance Inspector, Minister		

Source: Based on information from embassies, DGDC and BTC, and FPS budget

The financial autonomy of field offices remains limited. A development attaché can provisionally sign any expense of up to EUR 31 000 (USD 43 170) which is allocated against DGDC's budget at the beginning of the year. Such expenses cover procurement for the functioning of the office, meetings, as well as joint analyses with other donors. For BTC, financial autonomy has improved. The Resident Representative now has signatory authority for up to EUR 200 000, up from EUR 67 000 in 2009 (USD 278 500, up from USD 93 300) for ongoing projects, while the project manager has the authority to disburse EUR 25 000 – up from EUR 12 500 in 2009 (USD 34 800, up from USD 17 400).

Increasing the efficiency of Belgium's administrative processes

Belgium struggles with delays in disbursing its programmes. The share of committed funds disbursed by the end of recently-concluded indicative co-operation programmes was only 37% on average; in Burundi it was as low as 13% (Table 3). As a consequence, old programmes are often implemented alongside new ones, which complicates operations. Moreover, the delays affect the impact and political leverage of funding, and ultimately Belgium's credibility. This issue was highlighted by the Special Evaluator (FPSFA, 2009b). Belgium has recently taken several steps to address this. With the new generation of four-year indicative programmes, the majority of funding commitments are planned for the first two years of the cycle. Also, the third management contract between DGDC and BTC streamlines procedures and shortens the delay between the minister's signature of a service contract with BTC and its implementation (DGDC, 2006). New instructions to attachés further indicate that 100% of interventions must be committed before a new ICP is signed, and at least 30% disbursed. These steps are expected to bring further efficiency gains. However, an analysis of its administrative processes could help Belgium to improve its efficiency and effectiveness further. Such an analysis could indentify options to:

- *Reduce the layers and levels of project approval.* Numerous steps between BTC, DGDC and the minister create delays (Table 2). The limited authority of the attaché may be related to this. The time-consuming exchange of letters between the field, the minister, and the multilateral agency's headquarters for multi-bi contributions should also be examined.
- *Review small interventions.* The procedures for micro projects implemented by BTC, small grants to local NGOs, and scholarships managed by the Embassy are all time consuming to manage. There may be scope to simplify their administration. Belgium should consider whether the high transaction cost of these small schemes are in proportion with the development benefits derived from them.
- *Examine the role of the financial inspection.* There is a perception in the field and at headquarters that delays stem from financial inspection in Brussels, and from the requirement for *ex ante*, rather than *ex post* controls. DGDC staff and attachés believe that the Finance Inspector's involvement goes beyond the financial dimension.[28] In reality, however, financial inspection is limited to legally binding financial commitments (the ICP does not fall under this category) such as budget

28. The Financial Inspector is mandated to examine "whether the proposals conform to […] the ministerial decisions" but can also make "any suggestions that may enhance the effectiveness and efficiency of the committed funds, [and] to enhance the functioning of services of the department." See Royal Decree of 16 November 1994, Chap. V, Art.11.

support and projects to be implemented by BTC.[29] *Ex ante* control takes only two to three days. The FPS Budget is currently discussing how to ease *ex ante* control. Belgium should examine why there is still a perception that delays are caused by financial inspection.

Table 3. Disbursement of concluded ICPs when new ICPs were agreed (2008 and 2009)

million EUR, unless otherwise indicated, amounts as of 1 January 2010

	Duration of ICP	Envelope new ICP	% disbursement of previous ICP	Amount yet to be executed
Benin	2009 - 2012	52	41%	70
Mali	2009 - 2012	51	61%	62
Niger	2009 - 2012	52	74%	64
Senegal	2010 - 2013	53	18%	77
Palestine	2009 - 2012	50	62%	62
Morocco	2010 - 2013	80	22%	122
Bolivia	2008 - 2011	40	46%	57
Peru	2010 - 2013	40	48%	53
Mozambique	2009 - 2012	48	74%	53
Uganda	2008 - 2011	64	59%	77
Burundi	2010 - 2013	150	13%	224
DRC	2010 - 2013	400	25%	787
Tanzania	2010 - 2013	60	41%	84
TOTAL		**1 139**	**37%**	**1 792**

Source: BTC figures, March 2010

Institutional relationships with other Belgian development co-operation actors

An exemplary, strategic and inclusive approach to NGOs

Belgium has made remarkable progress in its engagement with non-governmental actors (see Section 1.3). It has taken steps to ease the procedures set out for NGO funding in a royal decree from December 2005. This is significant, as the share of Belgian ODA that goes to, or is channelled through, NGOs has risen to 12% over the last years, which is higher than the DAC average (Table B.1). The administration now distinguishes between two different categories of support to NGOs:

Project support: this is granted to about ten NGOs of the 114 that have concluded a basic agreement based on eight specific criteria.

Programme scheme: NGOs can also apply for a three-year programme scheme under an additional agreement, valid for 10 years. Currently 57 NGOs are being sponsored under this scheme. It requires them to have received project contributions on a regular basis over six years, engaged a controller, and undergone an assessment by an external agency. This new generation of multi-annual funding comes with an eased financial procedure. *Ex ante* controlling by the finance inspector is only required once, before the

29. Once the global envelope is approved by the Finance Inspector, he does not intervene during implementation.

minister signs the agreement; approval for yearly tranches is no longer required. This clarity and simplification is appreciated by NGOs. Further steps towards the certification of NGOs qualifying for the programme scheme are currently being discussed.

Although a closer relationship with Belgian NGOs can also be observed in the field, the 2009 agreement does not yet translate into a coherent field approach for several different reasons that merit reflection. NGOs welcome the opportunity to contribute to preparing the indicative co-operation programmes. However, some NGOs – for example those in the Democratic Republic of Congo – are dissatisfied with the ICP process, feeling consultations have not been handled in a transparent way. Other NGOs, in Burundi for instance, hesitate to participate in developing a programme in which they will have little involvement: ICPs only cover government-to-government co-operation, while Belgian financing to NGOs is steered by headquarters. The newly-created budget line that allows the embassy to finance NGO projects that are in line with the ICP does not seem to be enough incentive, as the procedures to obtain the funding are cumbersome and entail high transaction costs both for the NGO and for the embassy.

Engaging further with institutional partners

DGDC also engages with other partners. Some EUR 83 million (USD 116 million, almost 8% of DGDC funding) is channelled through universities and scientific institutes. They play an important role, including in providing expertise to DGDC. The minister has signed, in April 2010, a similar agreement with these actors to the one concluded with NGOs. DGDC hopes that this will lead to an approach that is more aligned with the partner country's policies and procedures and harmonised with Belgian governmental co-operation. While supporting the Paris Declaration and the Accra Agenda for Action (AAA), universities hope that any agreement would respect their academic autonomy. DGDC views its contact with other civil society actors mainly as a public outreach activity. This includes quarterly meetings with Belgium's three labour unions – CGSLB, ACV-CSC, and FGTB – who together receive EUR 13 million (USD 18 million) over three years and are active in 28 countries.

Strengthening the role of evaluations

A welcome restructuring of the evaluation function

Belgium is in the process of reorganising its evaluation function to create a new Special Evaluation Service for international co-operation. While this decision responds to the last DAC peer review, the approach chosen differs from the recommendation to "revive the DGDC's internal evaluation function". The DGDC's internal Quality Control and Evaluation Office will instead be integrated into the Special Evaluation Office of FPS Foreign Affairs in 2010 (Figure 6). The new service will be funded by the FPS Foreign Affairs and headed by a Special Evaluator nominated by the two ministers. This reorganisation addresses in particular the overlapping roles and mandates of the two units. The new Special Evaluation Service will take over all the responsibilities of the two former units though with fewer staff. This includes an annual evaluation of BTC performance and evaluating DGDC's policy and strategic choices. Joint evaluations will become a focus of the restructured service, which is a positive move. The service could systematically share its plans with members of the DAC Evaluation Network to allow for joint evaluations. While the restructuring is welcome, Belgium must ensure that the resources allocated fully match the roles of the new service. The service should, while preserving its independence, maintain an ongoing dialogue with DGDC to ensure the relevance and facilitating role of evaluations.

BTC, accredited NGOs and other actors implementing Belgian aid evaluate their own interventions. This will continue. Evaluations of BTC interventions are conducted by external experts and the partner country is rarely involved. BTC should involve partner countries more in project evaluations.

The need for an evaluation culture

DGDC is not clear about the role evaluations can play as management and policy-making instruments. An independent assessment ("peer review") of Belgium's evaluation function in 2009 observed "a rather lukewarm if not sometimes defensive attitude to evaluation in the Federal Public Service" (Kliest *et al.*, 2010). DGDC needs to draw more on the lessons from evaluations, including of BTC projects and those conducted by the multilateral agencies it supports. Managerial support is needed to develop an evaluation culture.

It is encouraging that Belgium's evaluation methodology is based on guidelines developed by the DAC and the EU. However, further clarity about how DGDC management is to respond to evaluations would facilitate the task of the new Special Evaluation Service. Belgium would benefit from setting out its objectives for evaluations along with a clear process for how DGDC management will respond. Moreover, Belgium would be better able to identify specific issues that need attention by strengthening the programming process for evaluations. DGDC and the new service should jointly address these strategic issues.

Ensuring appropriate skills and adequate human resource capacity

As DGDC is Belgium's key player in development co-operation, high demands are placed on it. Accordingly, human resources management in DGDC has received much attention in recent years. DGDC has managed to reach the number of employees at a level it considers sustainable, as recommended in the last peer review. Matching resources to its strategic role is the next challenge DGDC should tackle. Apart from the reasons outlined in Section 4.1.2, this peer review agrees with the Special Evaluator's report (SPFAE, 2009) which states that a poorly-adapted personnel policy is one factor preventing DGDC from taking on its strategic role. As all other parts of the administration, DGDC cannot entirely shape its own human resources policy or recruitment budgets. Since the Copernic reforms, its human resources are managed by the Personnel and Organisation (P&O) and the Budget and Management Control (B&B) offices of FPS Foreign Affairs, which in turn report to the Federal Service for Personnel and Organisation. As the needs of development co-operation include field orientation and mobility, it is important that the FPS Foreign Affairs and the Federal Personnel Service allow for variations in their human resources policy. DGDC should find a way to tap into the expertise of BTC and other development partners, at least for short periods of time.

Managing human resources to support DGDC's strategic leadership role

The need for staff with operational experience

Understanding field operations is essential for development co-operation staff in headquarters, particularly when striving to implement the aid effectiveness agenda. DGDC's strict division between its "internal" and "external" career paths hampers this. The 156 "internal" staff are employed in Brussels. They have limited opportunity to work in the field – even at senior levels. Of the "external" staff 56 work overseas as development co-operation attachés. They return to headquarters every eight years for a period of two to three years. This leads to a divide within DGDC between those with a "field view" and those who do not share that perspective. The resulting differences in culture and in the assessment of situations can make it difficult to reach consensus, for instance while developing ICPs. To create a better link between field orientation and policy making, Belgium should allow for more permeability between the two staff categories of DGDC, or should re-think the division altogether and create a single development career with a flexible mobility policy. DGDC should also consider staff exchanges with BTC.

The need for staff with strategic skills and vision

Another crucial challenge DGDC faces is to balance generalist and strategic skills. Since the establishment of BTC, DGDC has focused on generalist skills, as its many aid dossiers to be managed require generalists. However, its mandate to provide policy guidance to the entire Belgian development co-operation system requires policy-making skills and vision. Such skills are also important for attachés operating in partner countries where Belgium is an important donor and expected to lead with vision. As DGDC considers important that Belgium's policy is developed within the administration, rather than outside, relying on strategic inputs from external consultants is not a sustainable alternative. Although the human resources plan allows for recruiting experts, that the remuneration and the contractual status DGDC can offer do not attract specialists. Attracting, fostering and retaining such expertise have therefore proven difficult in practice. Several measures could however improve the situation. First, DGDC could integrate, in its future human resources plans, profiles of specialists it might require, which it has only rarely done to date. The specialists DGDC needs are people that have knowledge, expertise and a strategic vision in a specific sector of development co-operation, without necessarily being technical experts (for example, an individual with expertise in public health management, who is not necessarily a doctor). Second, training can contribute to form specialists. As another step, it could explore whether it could match existing competences better with the tasks to be carried out. It is essential to define the tasks well before elaborating a human resources plan. Such measures could allow DGDC to take better advantage of its staff members' strategic skills.

Tapping into sector expertise of BTC, academia, and local staff

DGDC has a rich pool of thematic and sector experts on which it can draw, including from BTC and academia. Its policy support unit has nominated focal points on specific topics in the administration, who have established seven networks of Belgian experts on (i) aid effectiveness, (ii) climate change, (iii) communication, (iv) peacebuilding, statebuilding and fragility, (v) health, (vi) agriculture, and (vii) education. DGDC is also increasingly drawing on BTC, which is able to shape its own personnel policy and has the flexibility to offer attractive and specialised positions to highly qualified development experts. It has been able to triple the number of its sector specialists since 2005. They cover the sectors and cross-cutting issues defined by the Law on International Co-operation. BTC has invested considerable resources in creating expertise in using aid modalities such as budget support and common funds. DGDC is taking the right decision in drawing on external experts in preference to duplicating such competence within the ministry, and is encouraged to continue this path.

Locally-recruited staff in the field also provides valuable expertise. While BTC has developed a strategy that allows locally-recruited staff to follow a career path, the embassies' human resources policy only has one category for local staff, which does not allow the status of local staff to be differentiated according to their skills and functions. To ensure it offers attractive conditions and rewards local expertise adequately, DGDC should include in any future human resources policy provisions for substantive staff recruited locally.

Managing careers and knowledge better

DGDC faces a major generational change in the coming years: 54% of its employees are between 50 and 65 years old, 26% are between 35 and 50 and 19% are between 20 and 35. Though not all retirees will be replaced, DGDC is less concerned about the potentially shrinking number of staff than about ensuring the quality of those who remain. This raises two questions: how to share knowledge (across generations, and more generally), and how to manage and enhance staff performance and career paths.

To date, there is no functional management system to hand over knowledge between generations and to allow the institution to capitalise on individual experiences. The FPS Foreign Affairs is striving to put such a system in place, using technology to rationalise processes. Yet it lacks a plan laying out (i) what knowledge is needed; (ii) how it will be collected and from whom; (iii) how it will be used to orient policy-making; and (iv) which office will drive these efforts. A joint DGDC-BTC knowledge management system would be most appropriate, given the need for policy feedback from implementers.

Belgium needs to implement a staff performance management system that allows learning to be integrated. A performance management tool, known as a "development cycle", was created for all public functions in 2002. With the help of this tool, staff members formulate their performance objectives and personal development goals and are evaluated against them every year. DGDC and BTC headquarters have used this tool (mandatory by law) since 2007, but the field offices are lagging behind. The development cycle is not yet an optimal tool, and is not a prerequisite for contract extensions or promotions. The peer review team encourages DGDC and BTC to establish a direct link between the management plan and the development cycle, so that employees are able to link their objectives and tasks to the organisation's goals. Encouraging and strengthening the use of this system and linking it with training, and with a transparent reward or promotion system, will be a crucial step towards results-based management.

Future considerations

- Belgium should ensure that the strategic plans of its many development actors are linked and coherent at all levels, and that the mandates and the relationships among the players are clear. Representation of DGDC on the boards of BTC and BIO, and an agreement to clarify the status of the federated entities' field offices, would help address some of these concerns.

- Belgium should clarify the division of labour between the minister's Policy Cell and DGDC's Policy Support Unit (D0.1), and clarify responsibilities for development co-operation policy guidance both within Belgium and DGDC. These steps are necessary to enhance the government's ability to develop and review strategies.

- Belgium should assess administrative processes to help Belgium further improve its efficiency and effectiveness. This analysis could identify options to reduce the layers and levels of project approval, streamline different channels and examine the role of financial inspection.

- Belgium should incorporate lessons from evaluations into policy making, and promote an evaluation culture.

- DGDC needs a human resources policy that (i) allows more mobility between headquarters and the field, (ii) ensures that DGDC has the required expertise to provide strategic direction and is in a position to take advantage of it, (iii) allows accessing the expertise of Belgian development partners and (iii) recruiting and offering attractive conditions to qualified technical staff that are hired locally.

Chapter 5

Aid Effectiveness

Strong political commitment to aid effectiveness

In modernising its development co-operation programme, Belgium is committed to implementing the aid effectiveness agenda (Box 3). There is support for this from both the administration and parliament. Belgium's actions are firmly set in the context of the *European Consensus on Development* (2006) and *Code of Conduct on Complementarity and the Division of Labour in Development Policy* (2007). Progress has been made on aid effectiveness since the last DAC peer review and in particular over the last two years. This includes the adoption of a *Harmonisation and Alignment Plan* for governmental co-operation in 2007, built on the Paris Declaration indicators (DGDC, 2007b). Belgium has also extended the implementation cycle from three to four years and is now applying sector budget support in several partner countries. Moreover, Belgium is maintaining its geographical focus on 18 partner countries and has reduced the number of priority sectors in more than half of these countries (OECD, 2009c).

Box 3. A practical approach to internalising aid effectiveness

DGDC is taking a practical approach to implementing the Paris Declaration and the AAA. In 2007, DGDC set up a working group to follow up on the *Harmonisation and Alignment Plan* and communicate its content internally. Initially, most of the group's efforts went into preparing Belgium's contribution to the Third High Level Forum on Aid Effectiveness (held in Accra in 2008). Since the forum, it has been focused on implementing the AAA. A practical approach was chosen to make the best possible use of available resources. Instead of spending time and resources on developing a specific AAA action plan, DGDC decided to prepare hands-on guidance for staff on adapting indicative co-operation programmes to the provisions of the AAA. This includes the *Instructions for Development Attachés Concerning the Preparation of Indicative Co-operation Programmes and Joint Commissions* (DGDC, 2008b), *Guidance on Budget Support* (DGDC, 2008a) and *Modernising Belgian Development Co-operation and the New Aid Paradigm - Repercussions for the Role of Development Attachés in Partner Countrie*s (DGDC, 2009a). However, no progress report has been prepared on the *Harmonisation and Alignment Plan*.

The working group plays a facilitating role in communicating aid effectiveness, including by appointing "change agents" in the different departments of DGDC who explain and promote the agenda. Training courses on aid effectiveness have been organised for co-operation attachés and BTC managers. Such training and experience-sharing would be beneficial for all field staff responsible for implementing aid. Changing attitudes and behaviours is a long-term process, and DGDC acknowledges that efforts to communicate the aid effectiveness principles internally will need to continue.

The fact that the 1999 Law on International Co-operation was agreed before the Paris Declaration and does not address aid effectiveness has not prevented Belgium from taking up the issue in policies and strategies. All ministerial policy notes on development co-operation issued since 2005 address aid effectiveness. The November 2008 policy note identifies three key points for immediate action in order to implement the Accra Agenda for Action (AAA): (i) applying the EU Code of Conduct through geographic and tightened sector concentration; (ii) supporting institutional capacity development in partner countries; and (iii) ensuring that the indicative co-operation programmes (ICPs) are adapted to the revised ways of working (CdrB, 2008a). The Directorate General for Development Co-operation's (DGDC) management plan and its third management contract with BTC also emphasise the need to adhere to the Paris Declaration principles (DGDC, 2006). In addition, the 2007 Decree for Flemish Development Co-operation recognises the aid effectiveness agenda.

Belgium intends to use its Presidency of the European Union in the second half of 2010 to advance the EU's implementation of the aid effectiveness commitments (CdrB, 2009a). Belgium could also play a more prominent role in international discussions, drawing in particular on its experience of implementing the aid effectiveness principles in fragile situations (Box 4).

Progress made on implementing the aid effectiveness principles

Belgium's results in the Paris Declaration monitoring surveys in 2006 and 2008 (OECD, 2008a) give a very mixed picture, yet progress has been made from 2008 onwards. DGDC has relatively recently started to implement many of its policy and strategic decisions on aid effectiveness. The "new generation" of four-year indicative co-operation programmes, adapted to the Paris and Accra commitments, is being launched in 2008-2010. Belgian NGOs have also committed to applying the Paris principles. These steps are expected to enhance further the effectiveness of Belgium's aid.

Welcome efforts to include all Belgian actors in the Paris agenda

The government's 2009 agreement with NGOs (FPSAE & NGOs, 2009), and its 2010 agreement with universities, represent an innovative approach to including civil society organisations in efforts to make aid more effective. Through the agreement, Belgian NGOs are committed to limiting their partner countries to 50 in total, to supporting capacity development rather than service delivery, to aligning to the partner country context and to strengthening results reporting. In turn, DGDC has undertaken to streamline its procedures. The agreement has stimulated a constructive debate among NGOs about their role within the Belgian system. The challenge ahead will be for both parties to implement these respective commitments and translate them into changes in programming and financing practice.

At the country level, development attachés are expected to facilitate synergies between the various Belgian actors, including trade unions and the federated entities, to support a co-ordinated and effective approach (DGDC, 2008b). DGDC's ongoing policy dialogue at headquarters with a range of civil society groups, including trade unions and universities, is laudable and will facilitate this.

Commitment to ownership and alignment

Belgium appreciates the importance of partner country ownership of development, and intends to align interventions to partner countries' priorities and systems. It is committed to "focusing attention on the development interests of the partner country" (DGDC, 2007b).

Preparing the "new generation" of indicative co-operation programmes

The procedure for preparing indicative programmes was revised in 2008 and has become more consultative and decentralised (DGDC, 2008b). Some efforts are still needed to internalise this approach throughout the Belgian system. Partners' poverty reduction strategies are the point of departure and attachés at the embassy, supported by BTC, are in charge of preparing the indicative programmes. This implies conducting policy dialogue with stakeholders in the country, including partner country representatives, Belgian actors on the ground and multilateral agencies in the field. Aid modalities are to be negotiated with the partner before the proposal is submitted to Brussels, ahead of the meeting between the partner country and Belgium (the Joint Commission) at which the programme is formally approved (DGDC, 2008b). However, there was evidence in Burundi that this field-based approach to developing indicative programmes has not yet been internalised. The fact that the embassy discussed the programme proposal with Burundian partners before submitting it to Brussels led to some dissatisfaction within DGDC in Brussels. New indicative programmes have been agreed for 13 of the partner countries since 2008, leaving five to be updated according to the new procedures in 2010 and 2011. DGDC needs to be cautious not to jeopardise the credibility of consultation efforts and true partnerships through its centralised decision-making system.

The envelope for each new indicative programme is a minimum of EUR 40 million (USD 56 million) for four years and can be increased up to EUR 100 million (USD 139 million). A further incentive tranche, which is a new tool for DGDC, is available for Burundi and the Democratic Republic of Congo. This could prove useful for policy dialogue in these fragile situations as long as embassies and BTC clearly communicate the efforts needed by the partner for the release of the additional tranche (see Box 4). All Belgian actors need to co-ordinate their support and activities in order for this tool to be as effective as possible.

Aligning to countries' sector strategies through an array of approaches

With the "new generation" of indicative programmes, Belgium aims to provide support to sector programmes that are aligned to partners' strategies. This fulfils the 2005 DAC peer review recommendation to back implementation of partner countries' sector strategies (Annex A). Belgium uses a range of complementary approaches to implement the indicative programmes, including delegated co-operation, project-based aid, budget support (representing no more than 50% of the programme) and basket funding. These efforts to support partners' sector programmes through a variety of means are welcome.

DGDC intends to increase the use of budget support and joint funds. Since 2008, attachés are required when preparing a new indicative programme to assess whether the country qualifies for budget support and/or support to joint funds, based on a set of criteria.[30] The Finance Inspectorate approves each disbursement. Sector budget support, as opposed to general budget support, is favoured because of Belgium's focus on supporting partners' sector programmes and because of the size of Belgium's programme (DGDC, 2009f). Sector budget support will be implemented in seven of the 13 countries for which new indicative programmes were agreed in 2008/09. BTC is responsible for participating in technical working groups with the partner and other donors when DGDC provides sector budget support. As for general budget support, Belgium feels that aid effectiveness will not necessarily increase when more donors participate in policy dialogue with finance ministries, and that a small donor may instead add to transaction costs (DGDC, 2007a). When DGDC does apply general budget support, it transfers the funds via the European Union or the World Bank.

Belgium delivers most of its governmental co-operation in project form.[31] The average size of BTC projects increased in 2009 (to over EUR 5 million – USD 7 million). This is welcome as it is likely to reduce fragmentation of efforts. Sustained dialogue with partners is ensured at the project level through the Joint Structures for Local Co-ordination, the body of local partners and BTC representatives overseeing the implementation of projects. In Burundi, Belgium was greatly appreciated by its partners for its openness and willingness to conduct dialogue on a regular basis. When implementing projects, BTC has the option of managing these projects itself or co-managing them with the partner country. Co-management implies that a BTC expert ("co-management deputy"), seconded to the partner institution, jointly oversees the project with a country representative. They apply the partner's procurement regulations while BTC also approves all spending decisions (*i.e.* a "double signature" by BTC and the partner) (BTC, 2009c). Belgium should take advantage of co-management to help strengthen partner capacity and ownership (Chapter 6). It is also important that DGDC and BTC continue to reflect on how to fully position project-based aid within the aid effectiveness agenda (DGDC, 2007b). BTC should ensure that, within its business model that favours a project approach, it also has the competence to support other modalities.

Commitment to strengthening and using country systems despite constraints

Using country systems implies managing funds and services in alignment with the public financial management and procurement procedures defined and implemented by the partner. The results of the Paris Declaration monitoring survey indicate that Belgium's use of countries' systems remains limited (OECD, 2008a). In addition, the number of parallel units created by Belgium to implement its aid increased in 2007 compared to 2005. These survey results reflect two kinds of constraints that Belgium faces in achieving its Paris and EU commitments to using country systems:

- *External constraints*: Belgium's Paris Declaration survey results are affected by the large share of its aid (around one-third) that is allocated to fragile states which suffer from corruption, political instability or weak systems. Donors' ability to rely on country systems and procedures hinges on their quality, making it necessary to align

30. Criteria for the use of budget support and/or joint funds are: good governance (as defined by the World Bank's IDA Resource Allocation Index); macro-economic stability (as measured by the IMF); the presence of other donors using budget support; and the reliability of the public financial management system.

31. Over 60% of aid planned under the 13 ICPs signed in 2008/09 is intended for projects (BTC, March 2010).

with local priorities in alternative ways in fragile contexts. For example, in Burundi, Belgium applies the country's procurement regulations through co-management and is greatly appreciated by its partners for this (see Box 4). DGDC's intention to support institutional capacity, in particular in the Great Lakes Region, is valuable. The peer review team recognises Belgium's efforts to support fragile states.

- *Internal constraints*: Belgium could avoid creating parallel implementation units, and channel more of its aid through national systems in partner countries where these systems are considered reliable. DGDC recognises this and is currently assessing Belgium's internal constraints to using country systems. In doing so, DGDC could examine the role played by the Finance Inspectorate when disbursing budget support and the incentives for BTC to implement aid through country systems.

DGDC and BTC are developing staff guidance to clarify methods for using country systems, including through project-based aid. The peer review team encourages Belgium to share with other donors its forthcoming findings on how to adapt project modalities to the aid effectiveness principles. Belgium's intention to increase budget support is also likely to enhance the use of country systems.

Box 4. Applying the aid effectiveness principles in fragile contexts

Belgian development co-operation is concentrating its activities in a series of fragile contexts where ownership is weak (see Box 1). Rigidly applying the aid effectiveness principles in these situations is challenging and not always viable. For example, the Paris Declaration does not suggest that weak country systems should be relied on to the same extent as strong systems. Actions need to be tailored to the specific country context. Belgium is taking an appropriate approach in the Great Lakes Region with its focus on capacity development and state-building, and on strengthening the key dimensions of state-society relations (CdrB, 2008a).

As observed in Burundi (Annex D), Belgium has developed a couple of tools which will help to implement the Paris Declaration in fragile contexts. Co-management of project aid is a form of *shadow alignment* that allows for using the partner's procurement regulations, while BTC approves all expenditures. This process, with "double signature" by the partner and BTC, can lead to delays in disbursement and implementation, yet it demonstrates Belgium's commitment to alignment including in fragile contexts. Co-management can also provide some scope for strengthening institutional capacity through the technical assistance provided by BTC to the partner institution.

Another tool that is likely to prove helpful to Belgium in fragile contexts is the incentive budget tranche that has been introduced for two of the countries in central Africa with the new generation of indicative programmes. The ability to allocate an additional tranche if the partner country meets a set of conditions provides scope for political dialogue. In Burundi, these conditions include free and fair 2010 elections and a national governance strategy agreed by the government and donors. This new tool will allow Belgium to hold its partner accountable for creating the conditions needed to implement the development co-operation programme successfully.

Delegating financial authority to ensure predictable aid

Belgium's disbursements are becoming more reliable with the new four-year indicative programmes, yet its aid could still be more predictable. The Paris Declaration monitoring survey results show that in 2007 39% of Belgium's aid was disbursed on schedule and captured in countries' accounting systems (OECD, 2008a). This is an improvement over 2005, but still below the DAC average of 46%. DGDC should rationalise its decision-making process in order to improve the timeliness of aid (Chapter 4). The centralised and complex financial decision-making system causes delays in disbursement and hampers alignment efforts. This is particularly problematic considering that much of Belgium's aid is implemented in fragile states with critical and urgent needs. For example, in Burundi, the UN Integrated Office has financed Belgium's contributions to the disarmament, demobilisation and reintegration process, including to training courses for ex-rebels, to avoid the interruption of funding and ensuing risks to beneficiaries.

Belgium complies with the 2001 DAC Recommendation to untie ODA to the least developed countries (LDCs). It supported the 2008 amendment of the recommendation to also untie aid to non-LDC heavily-indebted poor countries, but announced that it would only implement this after two years. All technical co-operation is untied and Belgium is diligent in reporting to the DAC *ex ante* untied aid notifications and *ex post* contract awards. Belgium is commended for its good untying record.

Taking harmonisation seriously

Belgium is working to improve in-country harmonisation with other donors in order to decrease the burden of aid management on partner countries. Development attachés have access to a specific budget line to strengthen the division of labour. Belgium's commitment is confirmed by its decision to start using delegated co-operation under the "new generation" of indicative programmes from 2008 onwards. In 2007, two-thirds of Belgium's country analyses were undertaken jointly with other donors, already exceeding the Paris Declaration target for 2010. The share of country missions co-ordinated with other donors, however, decreased from 22% in 2005 to 13% in 2007.[32]

Embassy and BTC staff actively participate in donor-partner dialogue and working groups. Belgium is prepared to play a lead role and seeks to identify solutions that are in the best interest of its partner. This was demonstrated in Burundi, where Belgium is the largest bilateral donor and currently facilitates the EU donors' co-ordination group, co-chairs the monitoring and evaluation group of the poverty reduction strategy and leads the joint fund for education (Annex D). In addition, Belgium will be leading Burundi's sector working group on health in 2010. At the same time, Belgium is conscious of the need to encourage others to stay active to avoid Burundi becoming dependent on one donor.

Tightening sector concentration

Belgium is concentrating its efforts by focusing on only two priority sectors in each partner country (DGDC, 2007b), in line with the European Code of Conduct (EC, 2007). In Burundi, Rwanda and the Democratic Republic of Congo, where Belgium's programme is particularly important, it has decided to focus on three sectors. While the priorities of the partner and of other donors should be respected, it is essential that Belgium remains active in sectors where it has expertise and can add value. Belgium needs to be flexible in applying the decision to always retain one productive and one social sector, to make sure that its comparative advantage and the partner's preferences are fully taken into account. It is positive that Belgium intends to stay active in the same sectors for three successive indicative programmes (12 years). This will enable long-term

32. The share of joint missions and analytical work is measured by Paris Declaration monitoring indicators 10a and b.

planning for all involved, including partners and other donors. Decisions about the sectors from which Belgium plans to withdraw should be clearly communicated to the partner. It is appropriate that the choice of priority sectors is proposed by embassies, which need to have a strong say in the matter to ensure effective in-country harmonisation. Belgium should also take seriously its commitment to the cross-cutting issues by implementing them in the priority sectors. For example, while women's empowerment and environmental sustainability are essential for achieving enduring development, in Burundi these themes were seen more as a constraint than an opportunity.

The use of delegated co-operation allows Belgium to continue to support, but as a silent partner, mainly in sector programmes which it has not retained as priorities, without placing an administrative burden on the partner country. This can facilitate division of labour between donors. Five per cent of the total budget of each new indicative programme is earmarked for co-operation delegated to other donors. In the 13 new programmes agreed in 2008 and 2009, 14% of the indicative budget on average is planned for delegated co-operation. This demonstrates Belgium's commitment to harmonisation. Delegating co-operation to multilateral organisations (multi-bi funding) allows Belgium to support topics that may be politically sensitive. This includes areas where Belgium's interventions are complicated by its historical ties with the partner, and issues which are culturally sensitive. DGDC and BTC also intend to seek opportunities for other donors to delegate funds in identified priority sectors, allowing others to benefit from their expertise (DGDC, 2008b).

Scope for further progress on managing for results and mutual accountability

DGDC and BTC are paying increased attention to results-based management, but lack a functioning system. These institutions are conscious that they would benefit from an overarching vision with matching objectives, and from adapting internal procedures to achieve these goals. Decisions should be taken based on solid evidence from evaluations. Management support will be needed to create such a results culture in DGDC and BTC.

Various opportunities already exist for strengthened results-based management in the Belgian system. At the strategic level opportunities include the creation, in 2008, of a DGDC network for making results management part of the organisations' culture. Responsibility for strengthening staff capacity in results-based management will, at least initially, be taken on by the new Special Evaluation Service. It is important that responsibility for this issue is also clearly allocated in the future. The DGDC's internal management plan for 2008-2013 identifies clear results indicators (DGDC, 2007c). Follow-up of both the management plan and the *Harmonisation and Alignment Plan* could be used strategically by DGDC to review results and identify lessons. At the country level, the decision to include a results matrix in all new indicative programmes is welcome. DGDC will need to ensure that the matrix is understood and used by staff as a tool to guide development efforts, rather than as an additional bureaucratic layer. The assessment of progress which is carried out at the end of each indicative programme is another opportunity to review development outcomes and identify lessons for future work. Moreover, Belgium's intention to stay active in the same sectors for three consecutive indicative programmes, for a 12-year period, will allow for reflection on long-term development outcomes together with the partner country, without pressure for immediate results. DGDC and BTC could use this long-term approach as an opportunity to work towards results in complex areas such as gender equality and human rights over a sustained period of time.

Belgium's commitment to dialogue with partners provides scope for mutual accountability. The Joint Commissions are high-level political fora for dialogue. It is also positive that Belgium is encouraging civil society to support capacity in partner countries, as this will help strengthen accountability processes.

Future considerations

- Belgium is encouraged to implement its plans to make the formulation process for new indicative co-operation programmes consultative and decentralised, including the choice of priority sectors.

- Belgium should adapt procedures to increase the use of national systems in countries where these systems are reliable. In fragile contexts, a flexible approach should be considered, linking the use of country systems to institutional capacity.

- DGDC and BTC should improve results-based management and the use of lessons when designing new development interventions, taking advantage of the intention to stay active in a sector for 12 years.

- Belgium is encouraged to pursue the positive dialogue with civil society and to implement the commitments in the 2009 agreement between the government and NGOs. It should translate these commitments into changes in programming and financing practice.

Chapter 6

Special Issues

Capacity development

The institutional framework: work in progress

Capacity is a critical factor for effective development co-operation. The DAC defines capacity as "the ability of people, organisations and society as a whole to manage their affairs successfully" (OECD, 2006a). The objective of capacity development is to strengthen the knowledge and skills of individuals, create functioning organisations and ensure an enabling institutional environment.

Belgium identifies capacity development as a central objective and an immediate action area for implementing the AAA. The focus of Belgium's development co-operation is expected to be on strengthening the institutional capacity of partners, rather than on service delivery (DGDC, 2007b; CdrB, 2008a). BTC's newly established Research and Development Unit is working on institutional strengthening and BTC is developing a concept paper on the topic. The 2009 agreement between the government and NGOs also commits Belgian NGOs to support capacity development, especially the capacity of local organisations in partner countries to function as "watchdogs" of the government (FPSAE & NGOs, 2009). DGDC is currently evaluating how Belgian NGOs support the capacity of local NGOs.

However, Belgium's efforts to promote capacity development are still at an early stage. There is no conceptual framework and no staff resources are directly assigned to the topic. Belgium would benefit from further analysis and debate on how to strengthen the capacity of both individuals and organisations, while addressing systemic issues that undermine capacity development in partner countries. Because much of Belgium's development co-operation is implemented in fragile states with extremely weak capacity, strengthening capacity in these situations should be a particular focus of such reflections (Box 5). As a relatively small donor, Belgium would benefit from increasing collaboration with others, especially within the EU and DAC fora. BTC is encouraged to continue its dialogue with other donors and Belgium could consider increasingly drawing on the donor-partner collaborative effort currently co-ordinated by the DAC, which focuses on implementing the AAA's capacity development priorities.

Capacity development in practice: implementing the aid effectiveness principles

Like many other donors, Belgium grants scholarships, funds technical assistance and makes efforts to strengthen country systems. It also has access to additional mechanisms that can support partners' capacity development efforts. Belgium grants "study funds" and "expert funds" as integral parts of its indicative programmes. These funds are disbursed and implemented in priority sectors on partners' requests, and are unconnected to scholarships and technical assistance. The experts funded are responsible for capacity development, rather than for implementing Belgian projects and programmes (BTC, 2006). It is important that these funds are part of a broader plan to support partner capacity in a sustainable way. Moreover, BTC intends to apply the Institutional and Organisational Capacity Assessment (IOCA) before designing the framework for its interventions. However, a 2008 evaluation of BTC notes that in order to fully apply this instrument, more time, money and expertise will be needed (DGDC, 2008c).

Box 5. Capacity development in fragile situations – the example of Burundi

Capacity development and state building in fragile situations is a key themes in the Accra Agenda for Action. State-building has also been identified as the most important requirement for bringing about lasting peace and development when monitoring the DAC *Principles for Good International Engagement in Fragile States* (OECD, 2009f). Because much of Belgium's development co-operation is implemented in fragile situations with particularly weak capacity and lack of ownership, it is essential that Belgium supports country capacity to ensure the effectiveness of its programme. Capacity development is, however, an endogenous process which cannot be led by donors. Humility and realism is needed. The political and institutional aspects shaping behaviours have to be considered by the donor.

In Burundi, Belgium has identified capacity development as a priority to be addressed throughout the 2010-2013 indicative programme. The challenge ahead will be to support and encourage Burundi to take the lead in this process. For example, technical assistants need to be trained to understand Burundi's political and institutional dynamics, and be given the mandate to strengthen capacity rather than focus on project management. If framed and managed properly, technical assistance can help restore state functions and contribute to the state-building process. At the same time, the presence of a large number of international experts can undermine state legitimacy. A harmonised approach by donors to technical assistance is particularly important in a fragile context such as Burundi.

The need to ensure that scholarships build capacity

There is an international consensus that capacity development involves more than scholarships for students from partner countries. In fact, scholarships can even undermine partner country capacity (through the "brain drain" effect). Nevertheless, Belgium intends to double its funding to scholarships and training programmes through all aid channels by 2015. As these programmes become important instruments for Belgian co-operation, it is essential that they are used as tools to support capacity. Belgium therefore needs to monitor the results obtained and could draw on the experiences of other donors who are assessing the effectiveness of scholarships. It is commendable that scholarships granted by Belgium's federal government[33] through its bilateral aid are already part of the

33. Currently representing nearly 3% of DGDC's spending.

indicative programmes, that they are allocated to applicants from Belgium's 18 partner countries, and that they are aligned to country priorities (DGDC, 2009c). At the same time, DGDC is currently reflecting on the purpose of scholarships, and on how to strike the right balance between strengthening capacity and promoting its own expertise and reputation through scholarships. Belgium is keen to create, through the scholarships it allocates, a network of international decision and opinion makers who are favourable towards the country (DGDC, 2009c). While this may be a positive side-effect of the grants, it is essential that their central purpose remains capacity development. The planned revival of Belgium's internal working group on scholarships will be useful to provide strategic direction. The decision to allocate at least half of all scholarships to women needs to be actively pursued through encouraging female applicants.

In addition to scholarships by the federal government, Belgian universities also provide grants, funded by the federated entities. These are allocated directly to partner universities and their students with the aim of strengthening academic capacity. Their geographical focus is under discussion. Belgian NGOs also provide scholarships. It is encouraging that DGDC is exploring how to co-ordinate and ensure complementarity among the different actors granting scholarships.

Using technical co-operation and technical assistance for capacity transfer

In 2008, 25% of Belgium's ODA addressed technical co-operation. This is defined by the DAC as "the provision of know-how in the form of personnel, training, research and associated costs" (OECD, 2007) and is often used as a proxy for measuring donors' support for capacity development. Belgium's share of aid allocated to technical co-operation, all of which is untied, is higher than the DAC average of 13%. Belgium is increasingly co-ordinating technical co-operation with partners and other donors, as indicated by the Paris Declaration monitoring survey. The move from 19% of "co-ordinated technical co-operation" in 2005 to 30% in 2007 is encouraging, even though it is still far from the EU target of providing *all* technical co-operation through co-ordinated programmes by 2010. It should, however, be noted that donors can only report technical co-operation as "co-ordinated" in countries where the partner has formulated clear capacity development objectives (OECD, 2008a). Belgium and other donors need to clarify partners' responsibility and ownership, and also support them in identifying capacity development needs and opportunities.

One part of technical co-operation as defined by the DAC is the technical assistance to partners provided by international experts. Belgium recognises that seconding BTC experts to partner institutions is not enough to build local capacity. The *Harmonisation and Alignment Plan* (DGDC, 2007b) sets out how Belgium should use technical assistance to best support capacity development: by pooling funding with other donors to reduce the administrative burden on partners, by preparing terms of reference jointly with the partner, and by avoiding funding technical assistance for project management. This is encouraging and Belgium should follow up on its intentions. International technical assistants, as opposed to the experts financed through the "expert funds" (see above), are still widely used by Belgium for administrative and financial management (DGDC, 2008c). In Burundi, even though there are good examples of institutional support in the agriculture sector, the widespread use of experts to co-manage Belgium's projects represents a missed opportunity for building thematic capacity. The experts are under pressure to disburse funds and have little time left for capacity transfer (BTC, 2006). However, a certain transfer of managerial skills to partner institutions is still likely to be the result of co-management. A long-term vision is needed for where and how technical assistance fits into countries' development agenda and Belgium could make further efforts to pool resources for technical assistance with other donors.

Strengthening country systems

The *Harmonisation and Alignment Plan* confirms Belgium's intention to strengthen national procurement systems, and in particular systems for public contracts, to meet Paris and Accra commitments. However, strengthening public financial management (PFM) systems is not a priority for Belgium. The plan notes that many large donors already support the strengthening of PFM systems. The focus on procurement is a result of Belgium's experience with applying partners' public contracts regulations when co-managing projects with countries (DGDC, 2007b). While it is positive that Belgium already partly uses partners' procurement systems, it should make further efforts to strengthen the capacity of partners' national institutions to be able to rely on country systems and procedures (Chapter 5).

Agriculture, high food prices and donor responses

A welcome revision of the strategic note

Agriculture and food security are one of Belgium's five priorities as set out by the Law on International Co-operation of 1999. Subsequent policy notes by the Minister of Development Co-operation highlight its growing importance. The current strategy for agriculture and food security aims to (i) align Belgian support to agriculture with partner country's own programmes; (ii) strengthen the capacity of agricultural actors; and (iii) improve access for small producers to production inputs, services and markets (DGDC, 2002b). DGDC is currently revising this strategy, albeit with some delay against the legal requirement that sector strategies must be updated every four years. Country offices are awaiting revised guidance for the implementation of programmes and the peer review team welcomes this opportunity for Belgium to better define its competence in this area.

An independent evaluation in 2009 indicated that the strategy had created momentum to prioritise agriculture and to focus on small producers. But it also concluded that the strategy was not operational enough, had not been used in the field, and did not support co-ordination among actors (ADE, 2009). DGDC is using these findings in developing the new strategy, and intends also to integrate DAC guidance on pro-poor growth and agriculture. The informal platform on agriculture and food security, created in 2008, brings together representatives from government, non-government and multilateral co-operation and will be helpful in developing this strategy. The peer review team recommends that Belgium considers these additional elements when designing its new strategy:

- As it intends to align its bilateral programming to partner countries' strategies, Belgium should use the strategic note to highlight its strengths in agricultural support, and make explicit what expertise and instruments it can offer to partner countries. The document should also clarify Belgian priorities for multilateral funding for agriculture and food security. With the new "full core" approach (see Section 3.5), such strategic engagement becomes even more crucial.

- The new strategy for agriculture should be designed in close collaboration with the strategy on private sector development (see Section 1.2.2), and should apply to all of Belgium's tools. Farmers, farmers' organisations, and businesses for production inputs are part of the agricultural private sector and need to be promoted as such. BIO, Belgium's specific instrument to foster private investment, aims to invest 50% of its SME fund in the agro-industry sector. In order for these tools to produce synergies, the strategies for the private sector and for agriculture should clarify the respective roles of these instruments in an overall strategy for agricultural support.

- Expertise on agriculture and food security is available at the programming and operational levels. Belgium should also make sure that DGDC is in a position to ensure strategic direction and leadership for the sector (see also section 4.1.2).

Agriculture and food security: a high priority for Belgium

Belgium has selected agriculture and food security as a priority for its governmental co-operation in 11 out of its 18 partner countries. It aims to direct up to 10% of its total ODA to agriculture, rural development and food security by 2010 and 15% by 2015.[34] Belgium took this decision in response to the dramatic increase in food prices in 2008. It also echoes the 2003 Maputo Declaration, in which African States committed to increase their own resources for agriculture and rural development to at least 10% of their national budgets by 2008. In addition to this long-term response to the food price crisis, Belgium also increased its emergency food aid from USD 22 million in 2007 to USD 39 million in 2008 (a 66% increase in real terms).

Since the mid-1980s, DAC total aid to agriculture has fallen by half. Recent trends indicate, however, that the decline is slowing down, and even that there has been an upward trend since 2000.[35] Belgium, too, slightly increased its support to agriculture from 2000 onwards: from USD 97 million in 2000-01 up to USD 106 million in 2007-08 (Figure 8). The share of Belgian bilateral aid to agriculture stabilised around 9% in 2007-08,[36] well above the average DAC share of 6%. If one includes rural development, Belgium's support reaches 12% of bilateral aid. In the 13 new indicative co-operation programmes signed since 2008 and covering the next four years, agriculture represents 33% of the envelope.

Belgian support for agriculture respects the principles set out in the DAC guidelines on pro-poor growth and agriculture:

- The DAC principle to build institutions and empower stakeholders is central to Belgium's strategy, which aims to strengthen the capacity of agricultural actors.

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34. These targets include multilateral ODA.

35. See www.oecd.org/dac/stats/agriculture.

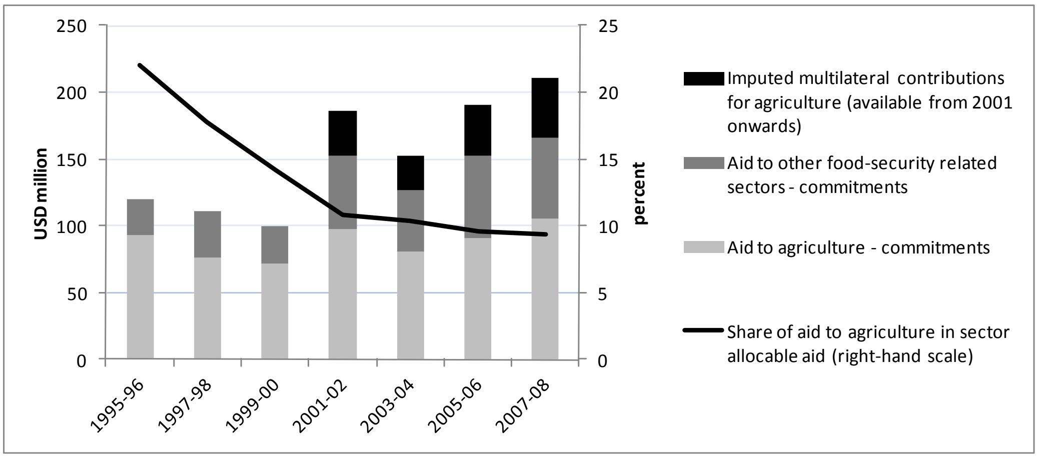
36. In order to better reflect the sector focus of donors' programmes, when the DAC Secretariat calculates the share of aid for agriculture in total bilateral aid it excludes from the denominator contributions which are not allocated by sector (general budget support, debt, humanitarian aid, administrative costs and other in-donor expenditures).

- The principle to support pro-poor international actions is followed through by Belgium's active role on the boards of the UN's Food and Agriculture Organization (FAO), IFAD and the WFP.
- The principle to recognise heterogeneity and country context is also respected through a diversification of interventions according to situations (for example, in Benin, Belgian support is not limited to small producers, but extended to exporters as well).

The peer review team also observed in Burundi that support was well aligned (Box 6).

Figure 8. Belgium's aid to agriculture and food security, 1995-08

Annual average ODA commitments, constant 2007 prices



Source: CRS statistics

Notes: Aid to agriculture is defined as covering DAC sectors *311-Agriculture*, *312-Forestry* and *313-Fishing*. Aid to other food-security related sectors is a wider measure that encompasses the following sectors: *43040-Rural development*, *52010-Developmental food aid*, and *72040-Emergency food aid*.

Box 6. Aligning support to agriculture to partner strategies: good practice in Burundi

The Belgian programme for agriculture in Burundi defined in the indicative co-operation programme is well aligned with governmental and local priorities. It links to elements of the Burundian National Strategy for Agriculture. The Project for Institutional Support in the Ministry of Agriculture and Animal Husbandry and the Project for Support to Agricultural Development in the Province of Kirundo support Burundi's goal of strengthening capacity in the sector, while also aiming to increase food production. The project for the Province of Kirundo was formulated locally, taking into account the views of the Burundian actors concerned, including the various local responsible agents (Provincial Governor, Provincial Director for Agriculture and Animal Husbandry, administrators of communities) and farmers' organisations. A joint structure for local co-ordination meets twice a year to discuss progress on the project, and ensures that these actors remain involved during the implementation phase as well.

Belgium concentrates its aid for agriculture in Sub-Saharan Africa (63%) and South America (21%), and prioritises its focus countries, which appear among the top recipients (Table 4). In these countries, agriculture represents a significant share of Belgian aid, reaching 51% in Ecuador. Belgium has been instrumental in co-ordinating this sector among donors. In Rwanda, Belgium accounts for 60% of total DAC members' aid to the sector and 56% in Burundi. Belgium's significant contribution to the agricultural sector has allowed it to play a leading role in harmonising donors' efforts in some focus countries. It leads the donor co-ordination sector groups for agriculture in Benin and the Democratic Republic of Congo (co-lead), and for animal husbandry in Mali and Niger. In Burundi, Belgium acts as the permanent secretariat of the sector group led by the World Bank. Belgium is also supporting the Burundian government in developing an action plan for implementing its national strategy for agriculture.

Table 4. Top ten recipients of Belgium's aid to agriculture, 2007-08

Annual average commitments in 2007 constant prices

	In volume terms	As a share of...	
	USD million	...total aid by Belgium to that recipient	...total DAC members' aid to agriculture to that recipient
Rwanda	13.9	14%	60%
Ecuador	13.7	51%	36%
Benin	10.6	35%	30%
Congo, Dem. Rep.	9.7	8%	47%
Niger	5.0	33%	16%
Burundi	4.4	7%	56%
Tanzania	4.2	32%	12%
Malawi	2.9	68%	7%
Peru	2.9	13%	5%
Burkina Faso	2.8	22%	5%

Source: CRS statistics

The need to co-ordinate instruments better

Food security and agricultural support are addressed through different instruments: (i) emergency food aid in cash, and promotion of the "local purchase" approach through the World Food Programme; (ii) the Belgian Fund for Food Security; (iii) agriculture and rural development programmes managed through governmental co-operation and implemented by BTC, and also supported through BIO; (iv) multilateral contributions to agricultural research organisations; and (v) subsidies to civil society actors (specialised Belgian NGOs and universities, and local farmers' organisations). Federated entities are active too. DGDC governmental co-operation accounts for approximately 40% of Belgian bilateral aid for agriculture and food security, the Belgian Fund for Food Security accounts for 33%, and emergency aid for 17%. As indicative co-operation programmes only govern governmental co-operation, the other actors are not part of a coherent logic of intervention and are not linked with each other (see Chapter 4). This can lead to fragmented efforts, and even to conflicting situations (Box 7). Belgium should endeavour to make these channels work better together.

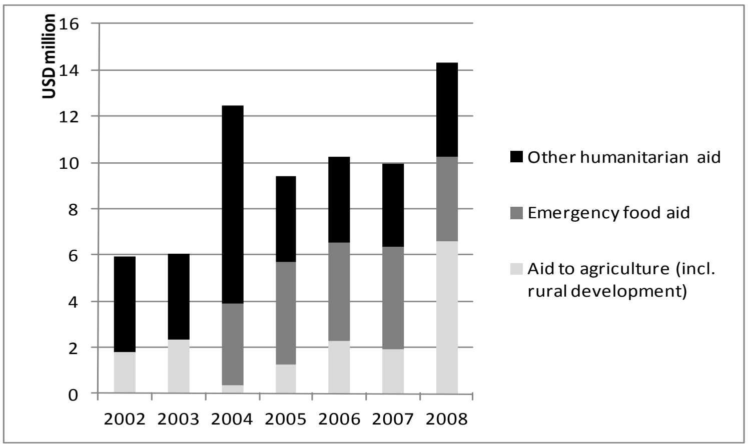
Box 7. Belgium's support to agriculture in Burundi: balancing humanitarian interventions and longer-term development projects

Burundi is a mostly rural economy, where the agricultural sector contributes about half of GDP and employs 90% of the working population (WB, 2009). Over the last decade, Belgium has increasingly supported agriculture and rural development through development projects. At the same time, it has maintained its provision of food aid, which is still necessary in a post-conflict country where food insecurity is widespread (Figure 9). The *contiguum* between humanitarian and development aid is difficult to achieve, and can result in conflicting situations, as the peer review team witnessed in the province of Kirundo. In this province Belgium is funding a development project implemented by BTC to support sustainable agriculture, reinforce the local market-based economy and ultimately lift people out of chronic poverty. The programme is defined in the framework of the indicative co-operation programme and is aligned to the Burundian National Strategy for Agriculture (Box 6). However, in the same province Belgium is also funding, partially through earmarked contributions, the humanitarian food security programmes of WFP and FAO. The humanitarian programmes are defined outside the indicative co-operation programmes, and local actors were uncertain whether the humanitarian and development programmes could function effectively side-by-side, given the conflicting signals that the two types of programmes send to local people: immediate revenues through humanitarian cash distributions for vulnerable people alongside the attempt to involve local people in a long-term development project; and humanitarian distributions of food and agricultural inputs alongside the attempt to develop a sustainable local market.

Belgium needs to better recognise the different objectives and potential conflicts between developmental and humanitarian approaches to the promotion of food security. Stronger linkages between humanitarian and development work, and increased co-ordination with multilateral partners, should lead to more consistent approaches.

Figure 9. Belgian aid to Burundi: support to agricultural development *versus* emergency food aid, 2002-2008

Chart 1. Gross ODA in USD million, constant 2007 prices



Source: CRS statistics

Improving its co-ordination with other actors was a specific recommendation for the Belgian Fund for Food Security emerging from its evaluation in 2008 (ADE, 2009). This fund was originally created in 1983 by parliament (it was originally called the "Belgian Survival Fund"), reformed in 1999, and renewed in 2010 for 12 years. It is governed by a specific law and strategic note, financed through the National Lottery, and managed by DGDC as a “special programme”. It targets food security in sub-Saharan Africa, focuses on the most vulnerable, and takes a holistic approach that integrates social and economic concerns. The 2008 evaluation and the subsequent management response from DGDC (FPSFA, 2008b) recognised that the fund was a relevant instrument for tackling food security, but that it needed to improve its co-ordination with other Belgian actors.[37] As the fund represents one-third of Belgian interventions for agriculture and food security, it is important that ways are found to connect the fund and other Belgian efforts in the field of agriculture and food security. One possibility might be to integrate the fund’s activities within the indicative co-operation programmes. In any case, experiences made in providing food security to the poorest segments of the population should be properly taken into account when designing long-term agricultural interventions or when deciding upon ways of delivering food aid.

The quality of multilateral engagement

Belgium has increased its contributions to agriculture through its core funding to multilateral agencies, as Figure 8 illustrates.[38] This trend will continue, with new increases planned for IFAD (doubling its contribution for the 2010-2012 replenishment) and CGIAR (30% increase for the period 2009-2011). Belgium is seen as an active and innovative key player on the boards of the three Rome-based agencies (WFP, IFAD and FAO). It has a particularly strong partnership with IFAD, which implements part of the Belgian Fund for Food Security projects through a joint programme based on complementary interventions: IFAD loans for rural development are complemented by grants from the Belgian fund to address the basic needs of the poorest. IFAD and the fund design the projects together, while the fund in Brussels has the final responsibility for approving them. The joint programme promotes synergies between socio-economic and productive sectors, and grant funding allows the most vulnerable to be reached, leading to more effective poverty reduction.

Future considerations

- DGDC and BTC should define a joint approach and tools to support capacity development in partner countries, in particular in fragile situations. They should collaborate with other donors in doing so.

- DGDC needs to ensure that the funding to scholarships and training programmes strengthens partners’ capacity by defining clear objectives and monitoring results.

- DGDC and BTC should endeavour to implement the capacity development provisions of the *Harmonisation and Alignment Plan*.

37. Other recommendations included tightening the focus of interventions on issues with a direct link to food security (rather than dealing with poverty at large); better targeting most vulnerable groups; and updating the fund’s 2000 strategic note.

38. The calculation for imputed multilateral contributions takes into account the share of each multilateral agency’s aid flows for agriculture, and Belgium’s contributions to the core resources of the agency concerned.

- Belgium’s commitment to increase aid to the agricultural sector, one of its target sectors, is positive. As it increasingly concentrates on agriculture in its focus countries, it will be well placed to also lead harmonising donor efforts in this area. It is encouraged to play this leading role and to make sure its country offices have the policy and technical competence to do so.

- In updating the strategic note for agriculture and food security, Belgium should make explicit to its partner countries its policy expectations, as well as the capacity, competence and instruments it can offer to support their agricultural development. This would help in aligning its activities to partner countries’ policies.

- Belgium should ensure that DGDC is in a position to ensure strategic direction and leadership for the agriculture sector. The common platform for agriculture and food security should be used to improve co-ordination among Belgian actors in the sector and to make full use of experiences and available capacities.

Annex A

Progress Since the 2005 Peer Review Recommendations

Key issues	Recommendations 2005	Progress since 2005
Overall framework and new orientations	Belgium is invited to consolidate and stabilise its development co-operation architecture by adapting the existing instruments in such a way as to strengthen synergies and improve complementarity.	Belgium is increasingly consulting its partners and is bringing humanitarian aid and development co-operation under the same framework. However, more needs to be done to implement this recommendation to address synergies among different instruments of Belgian aid.
	Belgium needs to persist with its policy of educating people in development matters and step up its information policy with the object of securing greater public backing for international development goals and government action in this area.	Belgium has made great progress and is highly active in development education, notably through BTC and NGOs. It has significantly increased funding for awareness-raising activities by 25% and plans further increases.
	It is important, whatever institutional framework is set up, that the federal government retains the competency related to development co-operation, in order to ensure the coherence and effectiveness of aid, without restricting the scope for federated entities to carry out development co-operation activities in line with their own competencies.	The Belgian federal government has retained the competency for development co-operation. Co-ordination with federated development actors has slightly improved through information exchange, but needs to be further strengthened in order to ensure that policies are integrated and that field operations are co-ordinated.
Policy coherence for development	Belgium is encouraged to finalise and implement its long-term, cross-cutting, strategic note regarding the coherence between the development assistance approaches and other sector policies with an impact on the developing countries, including trade, international investment and migration policies.	Belgium has not finalised its strategic note on policy coherence. However, in 2009 the Director-General of DGDC prepared a note for the Minister of Development Co-operation, encouraging him to address the issue of policy coherence for development at the ministerial level. There is still no overarching policy expressing the commitment of all ministries to policy coherence for development.
	Belgium should consider strengthening its inter-ministerial information and co-ordination mechanisms, taking due account of the specifics of the institutional system and providing for means of arbitration between the federal and federate authorities.	Ministries co-ordinate their external positions through COORMULTI and the EU co-ordination body, and co-ordinate operational aspects in various entities. The Council of Ministers, with its policy competence, is best suited for this task; other bodies such as the Council for Sustainable Development could also play a significant function in enhancing policy coherence for development. However, co-ordination between federal and federated levels often does not go beyond information sharing and could be further strengthened.
	Belgium should make use of the work done in the OECD to continue and step up its efforts to promote compliance with the code of good conduct for multinational enterprises, in particular by bolstering the activity and resources of the National Contact Point.	FPS Foreign Affairs, BTC and BIO are members of KAURI, the Belgian learning network on corporate responsibility. The resources of the National Contact Points have not been increased. This recommendation remains valid.

Key issues	Recommendations 2005	Progress since 2005
Aid volume and distribution	Belgium is encouraged to respect the timeframe it has established and to assure the funding of the resources needed to achieve the 0.7% target by 2010, bearing in mind the composition of its ODA and the forecasts with regard to debt forgiveness.	The ODA/GNI ratio rose from 0.41% in 2004 to 0.48% in 2008 (0.55% in 2009 according to preliminary figures), and the 0.7% target is likely to be reached in 2010. The target has been enshrined in law since 2002, and to reach it, Belgium has considerably increased its federal budget for development co-operation from 2008 onwards. However, the level of ODA decreased in absolute terms in 2006 and 2007, and it is exceptional debt relief that will allow Belgium to reach the announced 0.7% target in 2010, raising again the question of its sustainability in the medium term.
	Belgium is invited to consolidate its geographical concentration measures and to maintain the continuity of co-operation relations by keeping an unchanged list of 18 focus countries.	Belgium has followed the recommendation and has not extended its list of 18 priority partner countries. Belgium has also made efforts to improve geographical concentration through agreements between the government and NGOs (2009) and universities (2010), respectively, that promote geographical concentration.
	Belgium is invited to review its aid mechanisms and sector allocations so as to ensure that it is backing the implementation of its partner countries' sector strategies and is contributing significantly to the MDGs being achieved.	Belgium has made considerable progress on this recommendation. With the "new generation" of indicative co-operation programmes (since 2008), Belgium aims to support sector programmes aligned to partners' strategies and priorities through a variety of approaches.
Aid management and implementation	DGDC is invited to strengthen the synergies and complementarities between the different aid delivery channels by fostering a more strategic approach on the part of those involved in indirect co operation, the aim being to improve the coherence and effectiveness of aid.	Progress has been made on this front, notably through the agreement signed by the government and NGOs in 2009 (see above). NGOs are now more systematically included in the development of indicative co-operation programmes. A similar agreement has been signed with universities in 2010. The administration also engages in dialogue with other Belgian actors, including trade unions.
	Belgium should continue to clarify the terms of reference of the DGDC and BTC, revise procedures in such a way as to optimise the capacity of the co-operation system and reconsider the role of the BTC from the point of view of the new aid arrangements.	The third management contract has clarified the division of labour between BTC and DGDC. Procedures need to be further clarified and responsibilities decentralised to the field to optimise the capacity of the co-operation system.
	Belgium could give impetus to devolution by delegating more authority to embassies' co-operation sections in the areas of government co-operation and monitoring indirect co-operation, while at the same time improving access to thematic and sectoral expertise.	Belgium has taken steps to decentralise the preparation of indicative co-operation programmes, increasing responsibilities for the development attachés. However, decision-making and project approval remain centralised. Financial autonomy of the field office has been slightly increased, but access to thematic and sector capacity is still a bottleneck.
	Belgium is encouraged to review the DGDC's human resource management, taking account of changing needs due, in the main, to the foreseeable increase in the co-operation budget and the development of the new aid measures.	Human resources are one of Belgium's biggest challenges in managing aid. While the challenge is no longer to find sufficient staff to administer larger amounts of ODA, the challenge lies in the multiple small dossiers that are labour-intensive. It also lies in ensuring more staff mobility between headquarters and the field, and in ensuring that DGDC has the expertise and manages its human resources in a manner so as to allow it to provide strategic direction.
	Belgium is encouraged to continue the efforts being made to revive the DGDC's internal evaluation function, taking due account of the complementarity with the	Instead of being revived, DGDC's internal evaluation function has been integrated into the Office of the Special Evaluator in 2010. This reorganisation is welcome.

Key issues	Recommendations 2005	Progress since 2005
	responsibilities of the special evaluator and the BTC.	
	Belgium is invited to develop an aid effectiveness action plan based on the Paris Declaration and describing the institutional adjustments, procedural changes and training requirements that are relevant in this context.	Belgium has responded to this recommendation by adopting a *Harmonisation and Alignment Plan* in 2007. While this is positive, some challenges remain in order to implement the provisions of the plan.
Humanitarian Aid	Belgium should finalise and implement as soon as possible its policy document for humanitarian action reflecting the "Principles and Good Practice of Humanitarian Donorship" (GHD) which it has endorsed.	Guiding principles for Belgium's humanitarian aid were finalised in 2006, in the form of a *Strategic Plan of Belgian Humanitarian Aid*, which provides an overall umbrella for humanitarian programming and is aligned with the good humanitarian donorship principles. Belgium is encouraged to support the roll-out and monitoring of this plan, including raising awareness with field-level staff.
	Within a growing ODA budget, Belgium could consider increasing its allocation to humanitarian aid, including prevention and preparedness, emergency response and recovery and reconstruction in line with GHD and a needs-based approach. Measures should also be taken to further improve the transparency of funding decisions and the predictability of long-term funding arrangements to partners implementing humanitarian activities.	There has been a significant increase in humanitarian budget volume, moving from USD 58 million in 2004 to USD 127 million in 2008 (USD 116 million in 2009 according to preliminary figures), an increase of 71% in real terms. However, making funding decisions more predictable and transparent should be a focus area for future work.
	Belgium should consider concentrating and consolidating its management of humanitarian aid by establishing a single unit within its organisation responsible for humanitarian aid. Belgium should also further develop its systems for intra- and inter-ministerial co-operation in order to optimise its humanitarian response and decision-making for funding humanitarian action.	Decision making and management of the majority of the humanitarian budget lines will, from 2010, be consolidated under the Minister of Development Co-operation, providing a key opportunity to consolidate policy and programming under one framework, and to strengthen linkages between humanitarian programming and Belgium's wider development activities.

Annex B

OECD/DAC Standard Suite of Tables

Table B.1. Total financial flows

USD million at current prices and exchange rates

Net disbursements

Belgium	1994-98	1999-2003	2004	2005	2006	2007	2008
Total official flows	**1 090**	**1 271**	**1 371**	**2 354**	**1 543**	**1 789**	**2 248**
Official development assistance	**864**	**1 074**	**1 463**	**1 963**	**1 977**	**1 951**	**2 386**
Bilateral	491	719	902	1 308	1 356	1 238	1 376
Multilateral	373	355	561	655	620	713	1 010
Other official flows	**226**	**197**	**- 93**	**391**	**- 434**	**- 161**	**- 138**
Bilateral	226	197	- 93	391	- 434	- 161	- 138
Multilateral	-	-	-	-	-	-	-
Net Private Grants	**50**	**107**	**181**	**249**	**251**	**342**	**361**
Private flows at market terms	**- 211**	**756**	**- 735**	**539**	**3 514**	**1 686**	**1 816**
Bilateral: *of which*	- 211	756	- 735	539	3 514	1 686	1 816
Direct investment	354	560	- 169	1 422	3 533	1 488	1 617
Export credits	- 340	- 356	- 566	- 884	- 19	198	199
Multilateral	-	-	-	-	-	-	-
Total flows	**929**	**2 134**	**816**	**3 142**	**5 308**	**3 818**	**4 425**
for reference:							
ODA (at constant 2007 USD million)	*1 177*	*1 655*	*1 730*	*2 264*	*2 208*	*1 951*	*2 219*
ODA (as a % of GNI)	*0.34*	*0.42*	*0.41*	*0.53*	*0.50*	*0.43*	*0.48*
Total flows (as a % of GNI) (a)	*0.37*	*0.84*	*0.23*	*0.84*	*1.34*	*0.83*	*0.89*
ODA to and channelled through NGOs							
- In USD million	18	97	158	190	183	237	280
- In percentage of total net ODA	*2*	*9*	*11*	*10*	*9*	*12*	*12*
- DAC countries' average % of total net ODA	*4*	*8*	*8*	*9*	*7*	*7*	..

a. To countries eligible for ODA.

ODA net disbursements
At constant 2007 prices and exchange rates and as a share of GNI

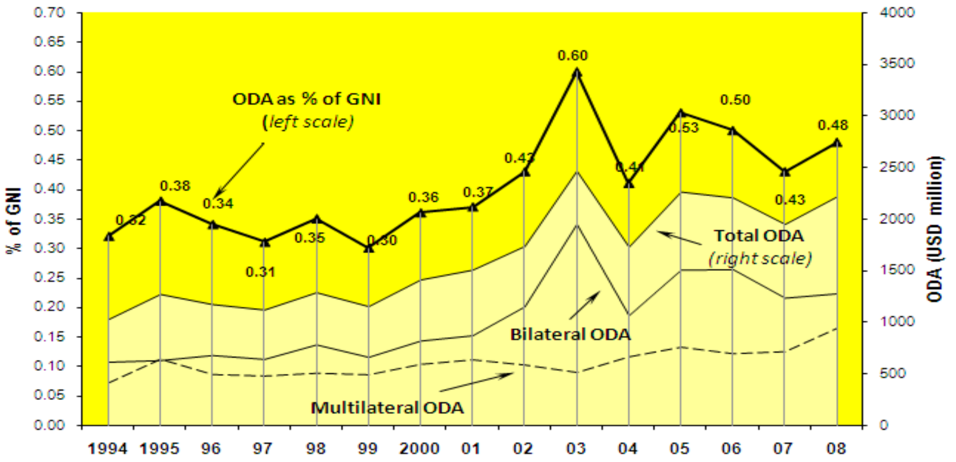


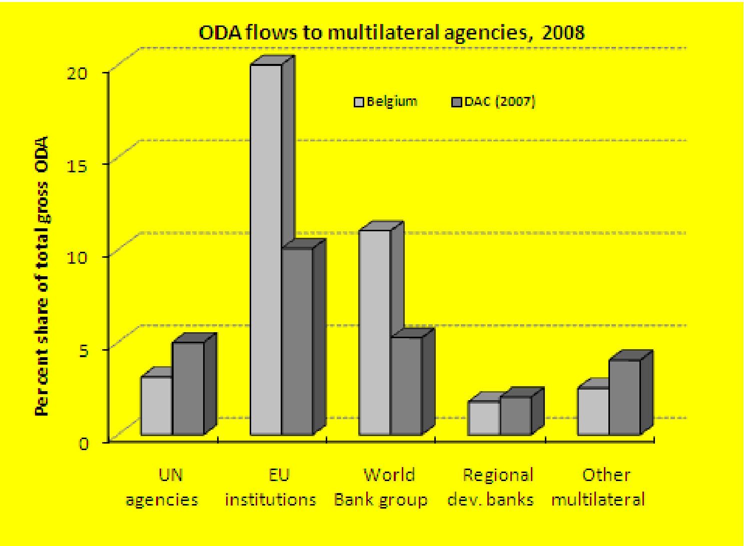
Table B.2. ODA by main categories

Disbursements

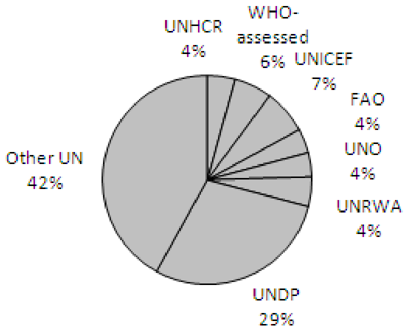
Belgium	Constant 2007 USD million					Per cent share of gross disbursements					Total DAC 2007%
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	
Gross Bilateral ODA	**1 176**	**1 569**	**1 592**	**1 317**	**1 380**	**64**	**67**	**70**	**65**	**60**	**74**
Grants	***1 141***	***1 539***	***1 553***	***1 282***	***1 359***	***62***	***66***	***68***	***63***	***59***	***65***
Project and programme aid	133	131	134	122	193	7	6	6	6	8	24
Technical co-operation	490	576	648	509	575	27	25	28	25	25	13
Developmental food aid	4	0	-	-	0	0	0	-	-	0	1
Humanitarian aid	69	76	97	92	118	4	3	4	5	5	5
Action relating to debt	249	550	448	190	99	14	24	20	9	4	8
Administrative costs	48	54	60	58	65	3	2	3	3	3	4
Other grants	149	152	166	310	309	8	7	7	15	13	10
Non-grant bilateral ODA	***34***	***29***	***40***	***35***	***22***	***2***	***1***	***2***	***2***	***1***	***9***
New development lending	33	29	38	35	22	2	1	2	2	1	7
Debt rescheduling	1	0	2	-	-	0	0	0	-	-	0
Acquisition of equity and other	-	-	-	-	-	-	-	-	-	-	1
Gross Multilateral ODA	**663**	**756**	**693**	**713**	**939**	**36**	**33**	**30**	**35**	**40**	**26**
UN agencies	66	54	57	55	72	4	2	3	3	3	5
EU institutions	396	425	438	454	511	22	18	19	22	22	10
World Bank group	111	214	115	119	256	6	9	5	6	11	5
Regional development banks (a)	30	27	44	39	41	2	1	2	2	2	2
Other multilateral	60	36	38	46	58	3	2	2	2	3	4
Total gross ODA	**1 839**	**2 324**	**2 285**	**2 030**	**2 319**	**100**	**100**	**100**	**100**	**100**	**100**
Repayments and debt cancellation	**- 109**	**- 60**	**- 77**	**- 79**	**- 101**						
Total net ODA	**1 730**	**2 264**	**2 208**	**1 951**	**2 219**						
For reference:											
Associated financing (b)	*10*	*12*	*16*	*15*	*17*						
Net debt relief	*244*	*544*	*445*	*185*	*94*						
Imputed student cost	*-*	*-*	*12*	*33*	*29*						
Refugees in donor countries	*49*	*67*	*81*	*84*	*86*						

a. Excluding EBRD.

b. ODA grants and loans in associated financing packages.



Contributions to UN Agencies (2007-08 Average)



Contributions to Regional Development Banks (2007-08 Average)

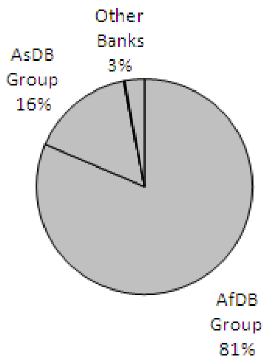
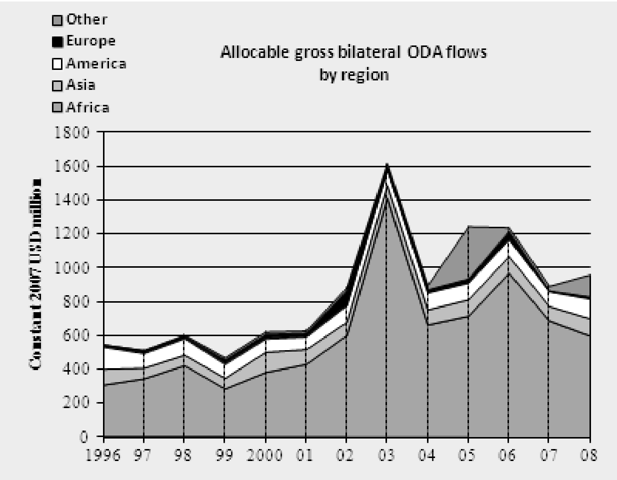
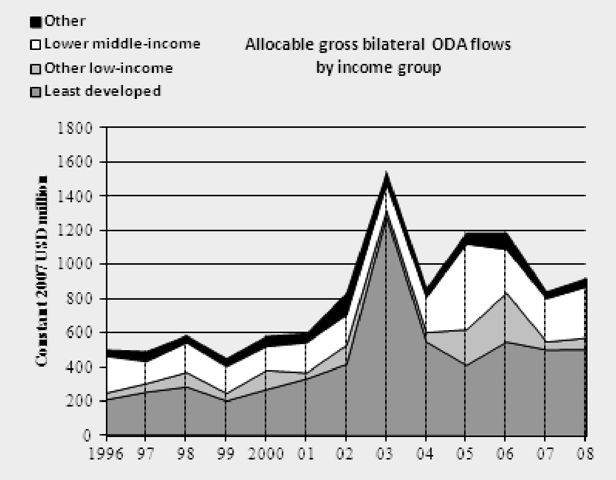


Table B.3. Bilateral ODA allocable by region[1] and income group

Gross disbursements

Belgium	Constant 2007 USD million					Per cent share					Total DAC
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	2008%
Africa	667	719	973	690	602	74	58	78	77	63	**37**
Sub-Saharan Africa	624	669	922	644	556	69	54	74	72	58	**32**
North Africa	37	39	43	40	37	4	3	3	4	4	**4**
Asia	90	99	100	87	103	10	8	8	10	11	**30**
South and Central Asia	34	35	31	26	42	4	3	2	3	4	**16**
Far East	55	62	68	59	60	6	5	5	7	6	**12**
America	100	99	99	87	117	11	8	8	10	12	**10**
North and Central America	28	34	28	24	38	3	3	2	3	4	**4**
South America	72	64	72	64	78	8	5	6	7	8	**4**
Middle East	26	308	21	28	130	3	25	2	3	14	**17**
Oceania	0	0	0	0	0	0	0	0	0	0	**2**
Europe	16	21	46	2	10	2	2	4	0	1	**4**
Total bilateral allocable by region	**900**	**1 245**	**1 240**	**895**	**961**	**100**	**100**	**100**	**100**	**100**	100
Least developed	553	416	554	507	509	64	35	47	60	55	**34**
Other low-income	54	209	285	47	68	6	18	24	6	7	**10**
Lower middle-income	207	503	256	251	298	24	42	22	30	32	**46**
Upper middle-income	49	61	93	38	47	6	5	8	5	5	**10**
More advanced developing countries	-	-	-	-	-	-	-	-	-	-	-
Total bilateral allocable by income	**863**	**1 188**	**1 189**	**844**	**922**	**100**	**100**	**100**	**100**	**100**	100
For reference:											
Total bilateral	1 176	1 569	1 592	1 317	1 380	*100*	*100*	*100*	*100*	*100*	***100***
of which: Unallocated by region	*275*	*323*	*353*	*422*	*419*	*23*	*21*	*22*	*32*	*30*	***19***
of which: Unallocated by income	*313*	*380*	*403*	*473*	*458*	*27*	*24*	*25*	*36*	*33*	***27***





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.

Table B.4. Main recipients of bilateral ODA

Gross disbursements

Belgium	1997-2001 average Current USD million	Constant 2007 USD mln	Per cent share	Memo: DAC countries' average %
Congo, Dem. Rep.	30	47	6	
Tanzania	23	36	5	
Rwanda	19	29	4	
Viet Nam	16	26	3	
Cote d'Ivoire	15	22	3	
Top 5 recipients	**102**	**161**	**20**	**26**
Cameroon	14	23	3	
Bolivia	12	19	2	
Burkina Faso	9	15	2	
Niger	8	14	2	
Senegal	8	13	2	
Top 10 recipients	**155**	**244**	**31**	**40**
Ethiopia	8	13	2	
Ecuador	7	12	1	
Philippines	7	11	1	
Benin	7	11	1	
Kenya	7	11	1	
Top 15 recipients	**191**	**302**	**38**	**50**
Morocco	7	11	1	
Tunisia	7	11	1	
Burundi	6	10	1	
Madagascar	6	9	1	
China	6	9	1	
Top 20 recipients	**224**	**352**	**44**	**58**
Total (120 recipients)	**343**	**542**	**68**	
Unallocated	161	256	32	22
Total bilateral gross	**504**	**798**	**100**	**100**

	2002-06 average Current USD million	Constant 2007 USD mln	Per cent share	Memo: DAC countries' average %
Congo, Dem. Rep.	297	374	25	
Nigeria	68	77	6	
Iraq	51	59	4	
Cameroon	32	40	3	
Tanzania	25	36	2	
Top 5 recipients	**473**	**586**	**39**	**29**
Rwanda	25	31	2	
Burundi	23	29	2	
South Africa	16	20	1	
Serbia	16	23	1	
Ecuador	16	19	1	
Top 10 recipients	**569**	**709**	**47**	**45**
Burkina Faso	16	20	1	
Viet Nam	15	19	1	
Senegal	15	19	1	
Bolivia	14	19	1	
Cote d'Ivoire	14	20	1	
Top 15 recipients	**643**	**806**	**53**	**53**
Benin	12	16	1	
Peru	12	15	1	
Morocco	12	15	1	
Niger	12	14	1	
Palestinian Adm. Areas	11	14	1	
Top 20 recipients	**702**	**879**	**58**	**58**
Total (122 recipients)	**900**	**1 124**	**75**	
Unallocated	307	387	25	22
Total bilateral gross	**1 207**	**1 511**	**100**	**100**

	2007-08 average Current USD million	Constant 2007 USD mln	Per cent share	Memo: DAC countries' average %[1]
Congo, Dem. Rep.	192	186	14	
Rwanda	54	52	4	
Iraq	53	49	4	
Cameroon	46	46	3	
Burundi	43	41	3	
Top 5 recipients	**388**	**374**	**28**	**30**
Palestinian Adm. Areas	25	24	2	
Mozambique	25	24	2	
Viet Nam	25	24	2	
Peru	24	23	2	
Senegal	22	21	2	
Top 10 recipients	**508**	**489**	**36**	**44**
Mali	21	21	2	
Ecuador	19	19	1	
Niger	19	19	1	
Benin	19	18	1	
Tanzania	18	17	1	
Top 15 recipients	**605**	**582**	**43**	**54**
South Africa	18	17	1	
Ghana	17	16	1	
Bolivia	16	16	1	
Uganda	16	15	1	
Morocco	16	15	1	
Top 20 recipients	**688**	**661**	**49**	**58**
Total (111 recipients)	**918**	**883**	**66**	
Unallocated	483	466	34	28
Total bilateral gross	**1 401**	**1 349**	**100**	**100**

1. 2007

Table B.5. Bilateral ODA by major purposes

at 2007 constant prices and exchange rates

Commitments - Two-year averages

Belgium	1997-2001 average		2002-06 average		2007-08 average		2007
	2007 USD million	Per cent	2007 USD million	Per cent	2007 USD million	Per cent	Total DAC per cent
Social infrastructure & services	**312**	**42**	**483**	**33**	**634**	**44**	**41**
Education	93	12	151	10	191	13	9
of which: basic education	6	1	18	1	17	1	3
Health	92	12	91	6	144	10	5
of which: basic health	45	6	55	4	75	5	3
Population & reproductive health	7	1	24	2	18	1	6
Water supply & sanitation	16	2	37	3	72	5	5
Government & civil society	64	9	118	8	154	11	13
of which: Conflict, peace & security	-	-	7	0	21	1	3
Other social infrastructure & services	39	5	61	4	55	4	4
Economic infrastructure & services	**37**	**5**	**86**	**6**	**106**	**7**	**13**
Transport & storage	13	2	23	2	36	2	4
Communications	6	1	5	0	4	0	0
Energy	3	0	5	0	6	0	4
Banking & financial services	12	2	51	4	58	4	3
Business & other services	3	0	2	0	3	0	2
Production sectors	**89**	**12**	**79**	**5**	**111**	**8**	**6**
Agriculture, forestry & fishing	70	9	66	5	78	5	5
Industry, mining & construction	16	2	11	1	27	2	1
Trade & tourism	3	0	2	0	6	0	1
Other	0	0	0	0	0	0	0
Multisector	**54**	**7**	**60**	**4**	**100**	**7**	**7**
Commodity and programme aid	**40**	**5**	**27**	**2**	**7**	**0**	**5**
Action relating to debt	**100**	**13**	**517**	**35**	**145**	**10**	**11**
Humanitarian aid	**46**	**6**	**66**	**5**	**100**	**7**	**8**
Administrative costs of donors	**60**	**8**	**61**	**4**	**61**	**4**	**5**
Aid to NGOs (core support)	**12**	**2**	**23**	**2**	**92**	**6**	**2**
Refugees in donor countries	**0**	**0**	**61**	**4**	**85**	**6**	**2**
Total bilateral allocable	**750**	**100**	**1 462**	**100**	**1 441**	**100**	**100**
For reference:							
Total bilateral	*798*	*59*	*1 511*	*71*	*1 486*	*61*	*75*
of which: Unallocated	*48*	*4*	*45*	*2*	*45*	*2*	*1*
Total multilateral	*543*	*41*	*626*	*29*	*948*	*39*	*25*
Total ODA	***1 341***	***100***	***2 137***	***100***	***2 434***	***100***	***100***

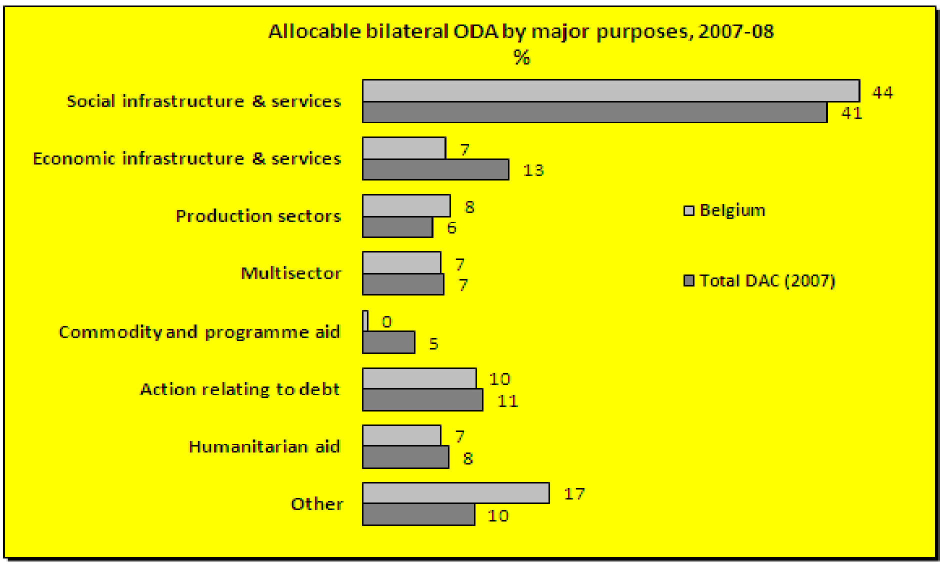


Table B.6. Comparative aid performance

Net disbursements

	Official development assistance			Grant element of ODA (commitments)	Share of multilateral aid				ODA to LDCs Bilateral and through multilateral agencies	
	2007		2001-02 to 06-07 Average annual % change in real terms	2007	2007				2007	
					% of ODA		% of GNI			
	USD million	% of GNI		% (a)	(b)	(c)	(b)	(c)	% of ODA	% of GNI
Australia	2 669	0.32	7.2	100.0	15.0		0.05		25.8	0.08
Austria	1 808	0.50	12.9	100.0	26.8	12.4	0.13	0.06	14.0	0.07
Belgium	1 953	0.43	5.1	99.6	36.5	13.3	0.16	0.06	39.7	0.17
Canada	4 080	0.29	6.1	100.0	22.7		0.07		38.3	0.11
Denmark	2 562	0.81	-1.7	100.0	35.6	26.3	0.29	0.21	42.0	0.34
Finland	981	0.39	7.5	99.9	40.5	22.5	0.16	0.09	37.2	0.15
France	9 884	0.38	6.1	92.6	36.7	14.9	0.14	0.06	29.9	0.11
Germany	12 291	0.37	8.0	95.8	35.3	15.4	0.13	0.06	24.6	0.09
Greece	501	0.16	2.9	100.0	50.2	6.7	0.08	0.01	22.0	0.04
Ireland	1 192	0.55	14.8	100.0	30.9	19.7	0.17	0.11	50.9	0.28
Italy	3 971	0.19	3.7	98.9	68.0	30.4	0.13	0.06	32.6	0.06
Japan	7 679	0.17	-0.2	86.2	24.8		0.04		32.8	0.06
Luxembourg	376	0.92	6.1	100.0	32.5	23.6	0.30	0.22	38.9	0.36
Netherlands	6 224	0.81	2.6	100.0	25.4	16.3	0.21	0.13	29.0	0.23
New Zealand	320	0.27	6.9	100.0	22.7		0.06		26.1	0.07
Norway	3 728	0.95	4.5	100.0	22.7		0.22		35.5	0.34
Portugal	471	0.22	-2.3	85.7	42.6	12.5	0.09	0.03	43.7	0.10
Spain	5 140	0.37	8.1	95.8	35.0	16.9	0.13	0.06	21.7	0.08
Sweden	4 339	0.93	8.2	100.0	32.4	25.2	0.30	0.24	31.3	0.29
Switzerland	1 685	0.38	5.5	100.0	25.0		0.10		29.0	0.11
United Kingdom	9 849	0.35	9.7	100.0	43.1	21.4	0.15	0.07	40.7	0.14
United States	21 787	0.16	9.9	100.0	13.2		0.02		28.1	0.04
Total DAC	103 487	0.28	6.4	97.1	29.6	18.3	0.08	0.05	30.8	0.09
Memo: Average country effort		0.45								

Notes:

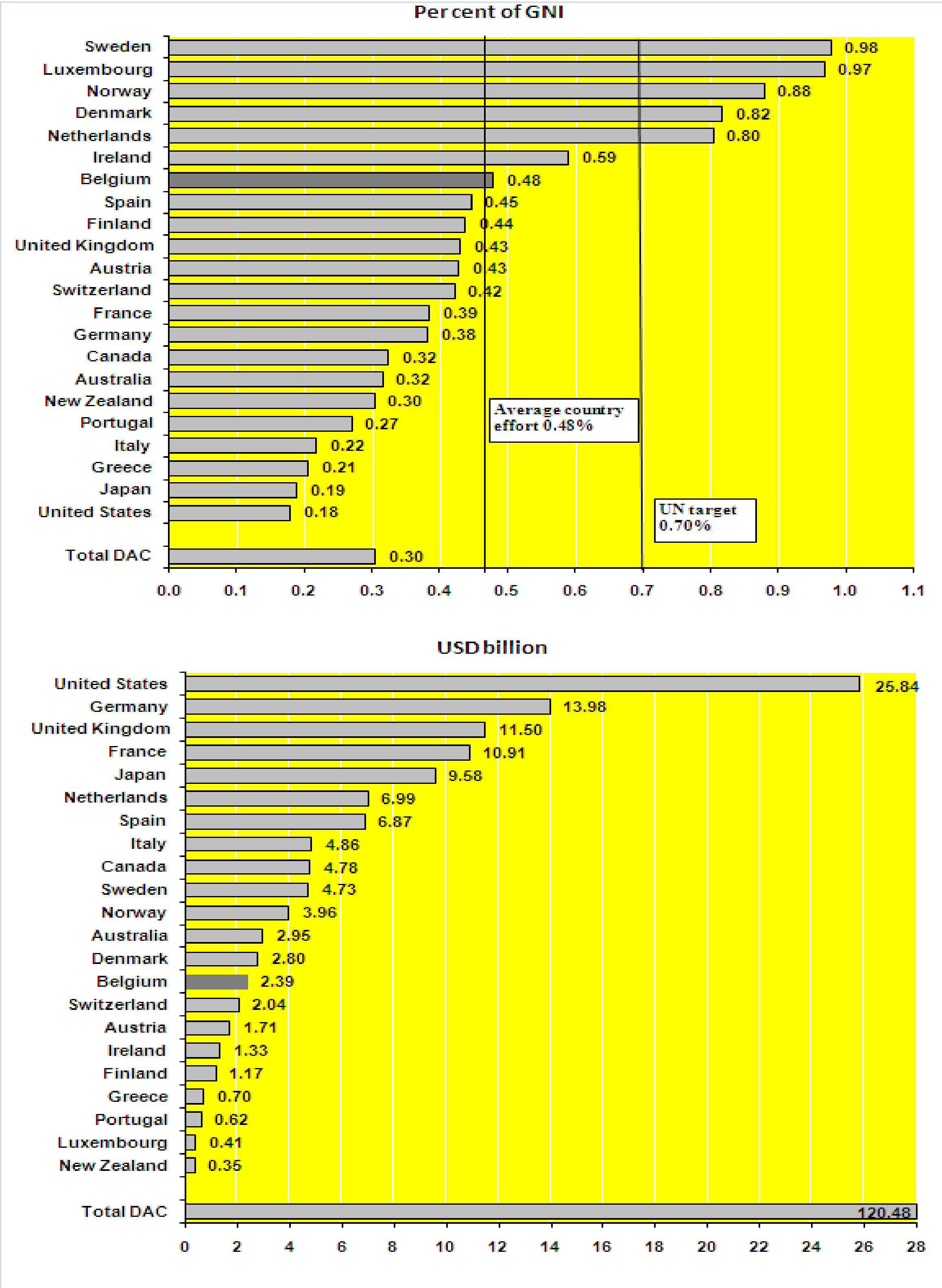
a. **Excluding debt reorganisation.**

b. **Including EU institutions.**

c. **Excluding EU institutions.**

.. **Data not available.**

Figure B.1. Net ODA from DAC countries in 2008



Annex C

Belgium and the Good Humanitarian Donorship Initiative

Belgium has made demonstrable progress in programming humanitarian assistance since 2005. Guiding principles for Belgium's humanitarian aid were finalised in 2006 in the form of the *Strategic Plan of Belgian Humanitarian Aid* (FPSFA, 2006), which provides an overall framework for humanitarian programming and is aligned with the principles of the Good Humanitarian Donorship Initiative.[39] Belgium has also significantly increased its volume of humanitarian aid. It is now making important contributions to pooled funding mechanisms and provides unearmarked voluntary contributions to multilateral agencies. In addition, decision making and management of the majority of the humanitarian budget lines will, from 2010 onwards, be merged under the DGDC. This provides a key opportunity for Belgium to consolidate policy and programming under one framework, and to strengthen linkages between humanitarian programming and Belgium's wider development activities.

Legal and policy framework

The majority of Belgium's humanitarian assistance is governed by the Royal Decree of 19 November 1996.[40] This decree dictates a project-based approach with strict eligibility criteria for funding, focusing on three categories: (i) preventing natural disasters; (ii) emergency aid; and (iii) immediate post-emergency or short-term rehabilitation aid. Food aid has different guiding policies, being subject to the 1999 London Food Aid Convention. It plans for 30 000 metric tonnes of cereal equivalent in untied food aid per year.

Reform of the legal environment

Both the 2005 peer review and the *Evaluation of Belgian Humanitarian Assistance* (FPSFA, 2008c) noted that the prescriptive nature of the 1996 royal decree is a significant obstacle for effective humanitarian programming. In particular, the decree's funding criteria – which set project implementation time limits, strict limits on management and administration costs, as well as limits on training and staff costs, and which exclude transport expenses[41] – put Belgium's humanitarian response under significant implementation constraints. There is also no provision to fund the strengthening of local

39. www.goodhumanitariandonorship.org/background.asp.

40. With the exception of the Belgian First Aid and Support Team (B-FAST) mechanism, governed by the Royal Decree of 28 February 2003.

41. Except ambulances.

response capacity, staff capacity or action by local NGOs, or to consider cash-based responses. In addition, the decree prescribes an individual project-funding approach, based on strict *ex ante* project approvals. This reflects a wider challenge for Belgium (Chapters 4 and 5), and significantly slows the release of funds in emergency situations, impeding flexible and predictable responses.

In short, the royal decree has not kept pace with the fast-evolving humanitarian environment, nor with the Good Humanitarian Donorship Initiative (GHD)[42] principles, and therefore the recommendation of the 2008 evaluation to "Withdraw the Royal Decrees and eliminate policy inconsistencies" is timely and appropriate (FPSFA, 2008c).

Policy and principles

The finalisation of the *Strategic Plan of Belgian Humanitarian Aid* in 2006 is a welcome step towards setting out the goals and guiding principles for Belgian humanitarian programming. It situates Belgium in the context of recent international developments, including the GHD, international humanitarian law and new approaches to disaster risk reduction. Belgium is encouraged to further support the implementation of the *Strategic Plan*, including raising awareness of its contents among field-based staff.

The *Strategic Plan* defines the Great Lakes as Belgium's main region for humanitarian programming. This allows Belgium to use its extensive experience here to strengthen the co-ordination and implementation of humanitarian assistance in the region's forgotten and under-funded crises. Given Belgium's relatively small size as a humanitarian donor, specialising in its areas of comparative advantage will clearly maximise its overall impact, so it is encouraging that this geographical specialisation has already been defined. It would, however, be useful for Belgium to further reflect on its overall strategy, including clearly prioritizing sectors and themes. In particular, it should ensure that Belgian humanitarian aid fills real gaps and focuses squarely on those areas where it can add significant value.

Financing Belgian humanitarian action

Belgium can be commended for substantially increasing its humanitarian budget from USD 58 million in 2004 to USD 127 million in 2008, an increase of 71% in real terms. This trend is expected to continue as Belgium moves towards its target of 0.7% ODA of GNI (Chapter 3). As a proportion of total ODA, Belgium allocated 9% to humanitarian assistance in 2008 compared with 6% in 2004. Over half of Belgium's humanitarian budget is aligned with the Common Humanitarian Action Plans (CHAP) related to the UN Consolidated Appeals Process (CAP), and an average of 10-15% is allocated to appeals by the Red Cross.

Despite its restrictive legal framework, Belgium has made some progress in moving from mainly project-based funding to core or other programmatic funding, using multilateral co-operation instruments that are not subject to the 1996 Royal Decree. This includes multi-year unearmarked funding decisions (since 2009) for ICRC, UNRWA, UNHCR and OCHA, together with the funding of the Central Emergency Response Fund (CERF) and the Democratic Republic of Congo's pooled fund for humanitarian activities.

42. Belgium agreed to the GHD principles in 2003 and co-led the pilot in the Democratic Republic of Congo.

It also provides funding for various flexible rapid response mechanisms operated by the FAO, WFP and UNICEF. This move provides an important opportunity for Belgium to exert greater influence on the policy decisions of core-funded multilateral organisations.

The programming of other funding, especially funds for sudden onset disasters, remains significantly constrained by the *ex ante* controls imposed by the royal decree – affecting Belgium's capacity to react quickly and flexibly to emergencies, and its ability to release money swiftly. Belgium is aware of this constraint and is working to develop a new instrument for sudden-onset disasters; this is to be encouraged. Belgium could also work towards programmatic funding and framework agreements for specific NGOs, perhaps widening its catchment net to include non-Belgian NGOs with proven track records and significant response capacity. This would increase Belgium's predictability and reliability as a donor, as well as increasing its opportunities for rapid and appropriate responses.

Organisation and management of humanitarian action

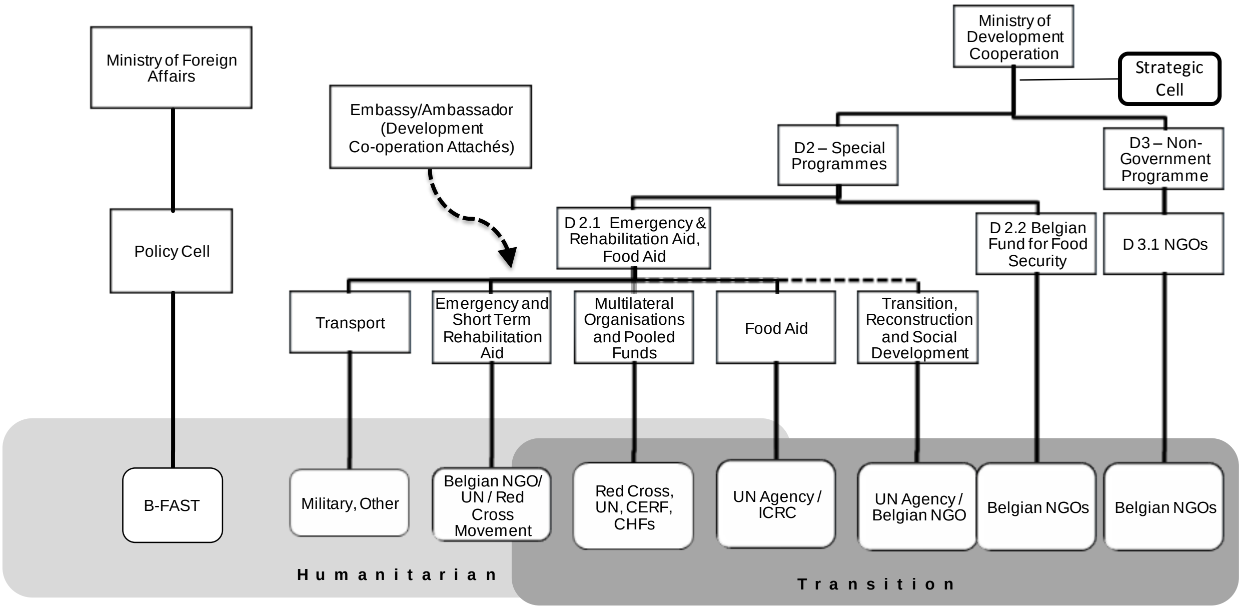
At the time of the last peer review, responsibility for the various humanitarian budget lines was split between the FPS Foreign Affairs and the DGDC, preventing a holistic approach to humanitarian aid. However, there have since been encouraging developments in this regard. In October 2009, the Minister of Foreign Affairs announced that the majority of the humanitarian budget lines would be transferred to DGDC, with the exception of B-FAST - an inter-departmental structure that deploys its own teams in case of emergencies - and Transport. This move, effective from 1 January 2010, means that the DGDC now holds overall policy and operational control over the majority of Belgium's humanitarian instruments.

The range of instruments for humanitarian aid remains fragmented, even inside DGDC (Figure C.1). But this consolidation is a first step in improving daily and strategic co-ordination among the various instruments, and will help increase synergies among their related budget lines. A further review and consolidation of the instruments would be valuable. Belgium would also benefit from increasing the linkages between humanitarian budget lines and development policy and programming under other units of the DGDC, for example by establishing formal thematic or geographical working groups.

Relationships are improving with Belgian humanitarian NGOs, who account for USD 17.4 million[43] or 17% of Belgium's humanitarian budget. The clear designation of focal points for each NGO within DGDC will support this trend. Belgium could also benefit from being more explicit about the diplomatic support that it can provide to its humanitarian partners. It could, for example, explain whether or not it will support advocacy on humanitarian issues with host governments, and/or facilitate visas for humanitarian workers in areas where access is restricted, such as in the Palestinian Autonomous Areas.

43. Data from the UN OCHA Financial Tracking Service (FTS), 2009 total, downloaded on 8 March 2010.

Figure C.1 Belgian humanitarian instruments (as of 1 January 2010)



Source: adapted from DGDC Organigramme, 2009

Promoting standards and enhancing implementation

Belgium applies the GHD principles by making funding decisions within the CHAP framework where possible. Belgium also recognises and respects the role of OCHA in co-ordinating overall humanitarian programming, and it respects the mandates of the ICRC and International Federation of Red Cross and Red Crescent Societies (IFRC).

The *Strategic Plan* includes Belgium's intention to increase funding for disaster preparedness programming, a timely decision in the light of the increasing number of large-scale disasters that are affecting the poorer parts of the world. At present, Belgium is constrained in its options for supporting disaster preparedness. Such programmes often include a large proportion of capacity-building activities and programmes executed by local NGOs – expenditure that is not eligible under the royal decree. Belgium does however have other instruments for disaster preparedness programming, such as the Belgian Fund for Food Security. It could also investigate collaboration with other donors to jointly support preparedness efforts, and look at mainstreaming disaster preparedness across its regular development programmes in disaster-prone countries.

Cross-cutting themes, including gender equality, environment, HIV/AIDS and human rights, have been adequately covered by the *Strategic Plan.* However, there is no system to ensure that these issues are adequately integrated into Belgium's humanitarian programming, nor to monitor their progress at field level. Belgium should develop a plan for implementing these important issues, perhaps in conjunction with its work to further support the roll-out of the *Strategic Plan.*

The GHD principles envisage the provision of assistance in "ways that are supportive of recovery and long-term development".[44] However, links between Belgium's humanitarian and development programming are tenuous both in terms of coherent policies and in practice, with only limited and informal interaction between staff working on the separate programme areas in the field and in Brussels. In particular, it is crucial that there is effective co-ordination between Belgium's crisis response and transition instruments, especially in times of sudden-onset emergency or during transition periods. The peer review team was informed that the current informal co-ordination mechanisms between the various instruments would be strengthened, and that a possible rationalisation of the instruments is being reviewed. These moves are welcomed.

Ensuring that humanitarian programmes set the stage for (and do not jeopardise) development initiatives remains a challenge for all actors (Box 7 in Chapter 6), as does ensuring that development programming builds on the results and lessons learnt from humanitarian efforts. In a situation where Belgium has a considerable influence in humanitarian assistance, such as the Great Lakes, Belgium could better exploit its field knowledge and take a leadership role within the donor community to promote development friendly humanitarian assistance interventions, while recognising the short-term limitations of development co-operation. Belgium could also learn from its own good practice in this area (Box C.1).

Box C.1. The link between relief and development: good practice from Burundi

Since 2008, Memisa, a Belgian NGO, has been running a Belgian-funded humanitarian public health project in the Province of Kirundo, Burundi. The programme aims to increase access to healthcare throughout the province by:

- improving the quality of healthcare services (including providing training for health workers, quality control of medical care, hygiene promotion outreach, and other technical and material support); and
- improving access to services for the most vulnerable, by paying the health consultation fees of people who have been identified as most in need by their community.

Memisa's humanitarian programme includes a small fee-paying component to support the sustainability of health services and avoid dependency, while ensuring that the most vulnerable retain free access to healthcare. With this, it has provided the building blocks for future development programming.

When BTC (supporting the Ministry of Health) arrived in Kirundo to start their Belgian-funded health programme, Memisa staff urged BTC's programme to build on the results of Memisa's humanitarian work. These discussions, despite initial teething problems, have now resulted in the BTC programme fully taking on board Memisa's healthcare oversight activities and continuing Memisa's existing health worker training schedule. Memisa has therefore been able to successfully disengage from structural support to healthcare in Kirundo, handing over this facet of its programme to BTC's more appropriate developmental approaches.

However, as high levels of vulnerability remain in Kirundo, and the Burundian Government is not yet able to provide a form of social safety net, Memisa plans to continue to pay the consultation fees of the most vulnerable – estimated to be about 20% of the population. Memisa is now seeking additional funding from Belgium to continue this part of its programme, which may be required for several years to come.

44. Principle 9, Principles and Good Practice of Humanitarian Donorship, June 2003.

Learning and accountability

The consolidation of budget lines and the significant increase of the humanitarian budget, without any corresponding staffing transfers or increase of staff in the DGDC, will also mean an increased workload for headquarters-based staff dealing with humanitarian issues. Currently there are only six staff focusing on humanitarian affairs, and there are no plans to increase this number. Concentrating on Belgium's areas of comparative advantage would help to rationalise this extra work burden. There is also an opportunity for making greater use of field level attachés,[45] including decentralising some decision-making power. This will not only help take the pressure off the small headquarters team, but will also help ensure that humanitarian aid reflects overall country priorities, is more flexible and timely, and links up more clearly with in-country development policy and programming.

Given that there are currently no plans to increase staffing levels either in Brussels or in the field, it would also be prudent to invest in training for both dedicated humanitarian staff and for all field attachés (both humanitarian and development attachés) in at-risk countries, so that they are ready to respond to humanitarian crises. As a minimum, all field attachés would benefit from basic training in humanitarian architecture and the principles in Belgium's *Strategic Plan.*

Belgium is a regular participant in Joint Evaluation Missions to review the progress and operations of its multilateral partners. However, budgetary constraints on travel by Brussels-based staff, and time constraints on non-humanitarian field attachés, mean that Belgium is not as diligent as it could be in monitoring its NGO partners, nor in evaluating the impacts of its contributions to rapid-response funds, common humanitarian funds (pooled funds) or to the CERF (FPSFA, 2008c). Belgium could give higher priority to programme monitoring, complying with donor good practice. A standardised results-based monitoring framework should also be adopted for monitoring impact and delivery.

Ensuring the accountability of partners is also made overly onerous due to the inflexible provisions of the royal decree, such as requiring NGOs to supply originals of every invoice for verification. Any opportunity for Belgium to move towards common donor reporting systems, in accordance with the GHD principles, would be welcomed.

Belgium itself regularly reports its grant decisions through OCHA's Financial Tracking System.

Future considerations

The consolidation of humanitarian programming under DGDC, the revision of the 1999 law on international co-operation, and the intention to revise the 1996 Royal Decree all create an important opportunity to implement the recommendations of the 2008 *Humanitarian Assistance Evaluation* in full. This will include:

- Determining the strategic niche for Belgian humanitarian aid, based on clear comparative advantage.

45. Embassies do not currently have any humanitarian decision-making power, nor do they have any delegated funds for use in-country. Their role is to provide advice on some humanitarian funding decisions made by Brussels, but they cannot make commitments.

- Increasing the strategic and day-to-day co-ordination of the various humanitarian instruments.

- Strengthening the link between relief and development, including co-ordination with DGDC and BTC development programmes, potentially through formal co-ordination mechanisms. These could be supported by guiding principles to ensure that humanitarian programmes consider recovery and long-term development, building on lessons from existing projects.

- Shifting focus to results-based monitoring of NGOs, reducing the administrative burden on partners and widening eligible expenditure.

- Providing regular training in humanitarian issues for all DGDC, BTC and diplomatic staff, starting with those based in countries at risk of humanitarian emergencies.

Annex D

Visit to Partner Country: Burundi

As part of this peer review, a team of representatives from Canada, Switzerland and the OECD DAC Secretariat visited the Republic of Burundi between 11 and 15 January 2010. The team met with Belgian development co-operation officials and their main partners in Bujumbura and Kirundo, including government, other donors and civil society. This annex summarises the team's observations.

Burundi: a fragile country highly dependent on aid

Burundi is one of the poorest countries in the world, with a GNI per capita of USD 140 and a Human Development Index ranking of 174 out of 182 countries (UNDP, 2009). The country is evolving from a post-conflict to a development context but is still considered a "fragile state", with persistent deep poverty and widespread landlessness.[46] After over a decade of war, presidential elections were held in 2005 and the last rebel group to engage in negotiations signed a cease-fire with the government in May 2008. The economic growth rate in 2008 was 4.5%. Burundi has growth potential in agriculture, notably coffee, tea and sugar, and hopes to increase regional trade through its membership of the East Africa Community.

Burundi has two main strategic frameworks that are being implemented in parallel: the Poverty Reduction Strategy Paper (PRSP 2007-2010) and the Strategic Framework for Peacebuilding, agreed in 2007. Aligning to both of these documents is a complex task for donors (Box D.1). In 2008, Burundi received USD 509 million in total net ODA, of which around 20% was allocated to humanitarian assistance. Burundi is highly dependent on aid, which represented nearly 44% of its GNI in 2008. Donor presence in Burundi is, however, relatively weak and few donors have large programmes. Only three donors[47] provided more than USD 40 million each per year in 2007/08.

Belgium's programme: a courageous approach in a complex situation

Overall policy and strategy

Belgium's strong ties with Burundi are evident in the attention paid to Burundian relations by the Belgian Parliament and public. Burundi appreciates Belgium for having remained a partner throughout the years of conflict, providing humanitarian and conflict

46. Burundi's Country Policy and Institutional Assessment (CPIA) score is 2.5. The World Bank's definition of fragile states includes low-income countries scoring 3.2 and below on the CPIA.

47. IDA, EC and Belgium.

prevention assistance. Structured co-operation based on dialogue between the two countries was initiated in 2006. Given the respect that Belgium has earned both from the government and other stakeholders in Burundi, it could deepen its dialogue to step up its fight against corruption and to promote good governance in the Great Lakes Region (CdRB, 2009a). This will be of particular relevance in view of the 2010 elections. The review team observed that Belgium lacks a whole-of-government approach to development and conflict prevention in Burundi. Belgium would benefit from a broader strategic vision that assesses different risk scenarios and guides the activities of all Belgian actors present. Such a strategy would improve synergies and effectiveness, while not undermining the autonomy of individual actors. In a still very fragile context, Belgium's political support to the peace process and development interventions needs to be strategically and operationally co-ordinated. This could draw on current discussions in the International Network on Conflict and Fragility (INCAF).

Belgium's recently-agreed 2010-2013 indicative co-operation programme (ICP) for Burundi complies with the 2007 *Harmonisation and Alignment Plan* (DGDC, 2007b). Planned initiatives are aligned to Burundi's PRSP. Belgium has also reduced the number of sectors for its governmental co-operation to three (agriculture, education and health)[48] and intends to stay engaged in these sectors for three consecutive indicative programmes, *i.e.* for at least 12 years. Governance will continue to be addressed, but as a cross-cutting theme. While in practice this adds a fourth priority to Belgium's programme, it allows a continued focus on state building, which is positive considering Burundi's fragile context. Belgium's intended focus on the private sector is not explicit in Burundi, except for an increased engagement in agriculture.

Belgium's four cross-cutting themes (gender equality, environment, children's rights and the social economy) are not well integrated into activities in Burundi. Addressing gender equality and women's empowerment in particular is seen more as a constraint than an opportunity to make aid more effective. Additional capacity and support from headquarters are needed to improve the focus on these cross-cutting themes. Belgium should draw on other donors' expertise and tools in Burundi, and take advantage of the national expertise available. Activities should be framed around the priorities set out in Burundi's PRSP.

Aid allocations

Belgium provided a total average of USD 43 million per year to Burundi in 2007/08, which makes it the largest bilateral donor in the country. Education, other social sectors and multisectoral initiatives (which include "expert funds" and scholarships) received the largest shares (Figure D.1). Belgium is scaling up its allocations to Burundi under the 2010-2013 indicative programme. The planned budget for the four years amounts to EUR 150 million (USD 209 million).[49] Considering that only 13% of the planned allocations for the 2007-2009 programme had been disbursed by January 2010 (Table **Error! Reference source not found.**), the decision to increase allocations is courageous. The

48. During the 2007-2009 ICP, Belgium supported society building, agriculture and food security, social sectors (education, health etc) and basic infrastructure. Multisectoral support and non-affected support were also provided.

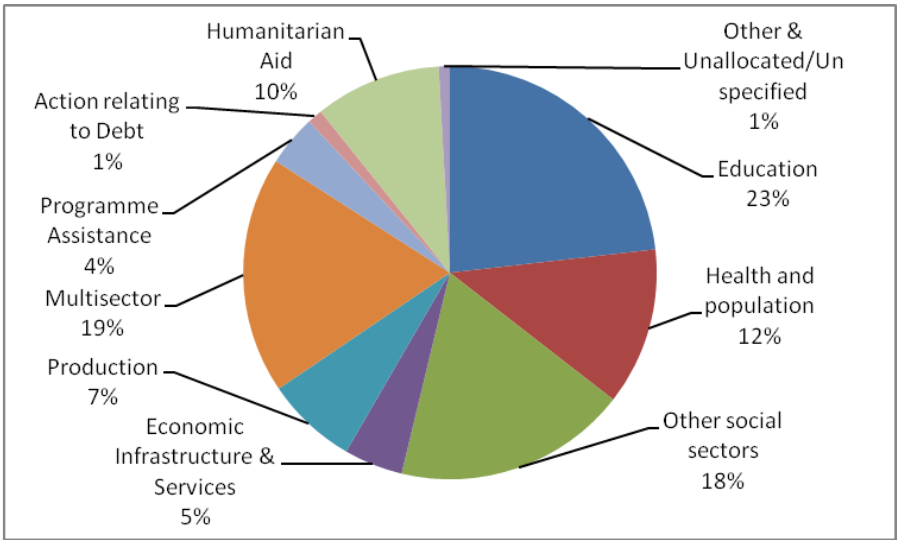
49. The total budget for Belgium's bilateral aid to Burundi in 2007-2009 was EUR 60 million (USD 84 million).

fragile context implies lack of national capacity and potential political obstacles to disbursing funds. Belgium therefore needs a strategy for managing the growing budget.

In line with Belgium's decision to focus increasingly on productive sectors, planned allocations to agriculture make up one-third of the indicative budget. This is a welcome strategic choice, considering that agriculture is the principal source of revenue for 90% of Burundians. The review team noted that even though all Belgian actors align their interventions with Burundi's National Strategy for Agriculture, they should co-ordinate their interventions better in order to avoid overlaps and contradictions (Chapter 6).

EUR 30 million (USD 42 million) of the new indicative programme is earmarked for delegated co-operation. This will allow Belgium to withdraw appropriately from some sectors and contribute to an efficient division of labour. Belgium will, in addition to its indicative programme, support an initiative implemented by the UK's Department for International Development (DFID) to enhance Burundi's regional integration (with EUR 12 million; USD 17 million).

Figure D.1. Belgium's aid to Burundi allocated by sector (2007/08 average by commitment)



Belgium's new programme for Burundi is its first programme to include an incentive budget tranche (EUR 50 million; USD 70 million) to be allocated if a set of agreed conditions is fulfilled. This could prove to be a helpful tool for managing aid in fragile contexts and may be well suited at this crucial stage in Burundi's short history as a democracy. Free and fair 2010 elections and a national governance strategy agreed by the government and donors are some of the conditions that need to be fulfilled for the release of this additional tranche. It may go some way towards offsetting the potential perception that Belgium, by increasing its investment in Burundi in an election year, is tacitly supporting the incumbent party. Belgium will, however, need to develop a clear plan for how the additional tranche will be allocated if it decides the conditions have been met.

Implementation of Belgium's programme

Commitment to aid effectiveness in a fragile context

Belgium is highly committed to adopting the aid effectiveness principles in Burundi. Frequent policy dialogue demonstrates its courageous efforts to align support with Burundi's development plans. Burundi appreciates the consultations that are held for each project, offering a framework for discussion and an opportunity for adapting interventions. There are, however, bottlenecks to implementing the PRSP, mainly related to the lack of local capacity and ownership. It is important that Belgium uses its good relations with Burundi to clearly convey the contributions that are needed from the country in order to implement the planned 2010-2013 programme. Discussions on the disbursement of the supplementary budget tranche will provide an important opportunity for this.

Belgium's aid to Burundi is untied. Projects remain Belgium's favoured approach in Burundi, with the exception of the education sector where Belgium supports a basket fund (Box D.1). Projects are co-managed by BTC with Burundian counterparts, meaning that goods and services are procured in line with Burundi's recently-adopted procurement law, even though expenditures are also approved by BTC. Belgium is the only donor in Burundi to use this modality. The team commends Belgium for its efforts to align with Burundi's procurement regulations, even though this slows down the implementation process significantly because of lack of local capacity. Belgium is in this sense penalised for its commitment to alignment. In order to entirely avoid disbursements delays, Belgium's financial approval procedures also need to be decentralised and rationalised (Chapter 4). Delays have occasionally led other donors to pre-finance Belgian projects to avoid their interruption. A more flexible approach could involve the gradual evolution of aid modalities to match the evolution of Burundi's national capacity.

As intended when preparing the "new generation" of indicative programmes, Belgium consulted with Burundi about the 2010-2013 programme. However, the fact that the embassy undertook these consultations before submitting the programme proposal to Brussels created tensions between headquarters and the field. Some actors also feel that further co-ordination could have been ensured in the concluding stages of the indicative programme preparation process.

Belgium plays an important role in donor harmonisation in Burundi and is leading the co-ordination of the education fund. Belgium also currently facilitates co-ordination among EU donors, co-chairs the group responsible for monitoring and evaluating the PRSP, and in 2010 will lead the PRSP working group on health. Moreover, Belgium funds an expert to support the secretariat of Burundi's National Committee for Aid Co-ordination (BTC, 2009a). Belgium is, however, keen to see other donors taking on lead roles in order to avoid excessive dependence on one donor. While this is sensible, Belgium could take further advantage of its position and experience in Burundi to support the donors' dialogue with the government and to share lessons with others, including multilateral organisations. Belgium could promote a conflict-sensitive approach to development. In the humanitarian field, Belgium could further use its experience and influence to ensure that structural interventions are appropriately incorporated into and harmonised with emerging development programmes, with humanitarian programming providing a safety net for the most vulnerable individuals.

Box D.1. Complex donor co-ordination in Burundi

Burundi's National Committee for Aid Co-ordination (CNCA) and its permanent secretariat, set up after the 2005 elections, manages the harmonisation and alignment process. In 2007, a partner co-ordination group was created to support the implementation of the country's two strategic frameworks: the Strategic Framework for Peacebuilding (SFP) and the PRSP. These have partly overlapping priorities but correspond to the split in government, with a First Vice President in charge of governance, security and defence, and a Second Vice President responsible for economic and social development. The partner co-ordination group has a multi-tier structure involving:

- a political forum
- a strategic forum
- two separate groups, each for monitoring and evaluating one of the two strategic frameworks
- two separate sets of government-donor sector working groups, one under each strategic framework. Some of the sectors defined by Burundi have one working group under each framework.

This complex structure is inefficient. Some donors feel that more energy is spent on maintaining the co-ordination system than on jointly working towards development results. Some also feel that while meetings allow for a regular exchange of information among donors, they are yet to lead to full harmonisation and an efficient division of labour.

Burundi has not yet developed strategic plans for all of its sectors and there is a lack of local capacity in the country, which hampers donors' use of programme-based approaches. To counter this, a basket fund was set up in the education sector in 2008, managed jointly by Burundi and the participating donors. The fund aligns to Burundi's procurement law and is a first joint attempt to move towards the use of country systems. Even though this is a welcome initiative, disbursement rates for the fund remain very low. Salary scales in the public sector are another important factor hampering capacity development and should be addressed by donors in a co-ordinated way.

Belgium plans to develop a results matrix in 2010 for its new indicative programme. As Belgium continues its engagement in the country, this matrix should be used to apply results-based management in order to improve learning and inform future interventions. The results matrix will need to take Burundi's PRSP as its starting point and could take advantage of the plans to stay active in the same sectors for three consecutive programmes (12 years). Belgium did not exploit this opportunity to define long-term objectives when preparing the 2010-2013 indicative programme. Even though project-level evaluations are already being carried out, Belgium would also benefit from a thorough evaluation of the impacts of its programme. There is no performance assessment framework or other mechanism for mutual accountability between donors and the government in place in Burundi.

A multitude of actors to manage

There is a range of Belgian actors in Burundi, including BIO, the federated entities, the Belgian Fund for Food Security, universities, the Belgian Red Cross and NGOs. The activities of these actors are not addressed by the indicative programme. Many are funded directly by Brussels or the federated entities, which explains why the Belgian Embassy does not have a complete overview of interventions. The embassy's mandate to monitor the activities of all Belgian actors places a heavy administrative burden on staff. The embassy holds regular meetings with many of the indirect actors and has an open dialogue with NGOs in particular. The NGOs were also consulted when Belgium prepared its 2010-2013 programme.

The embassy has two instruments for funding local initiatives: micro projects of up to EUR 12 500 (USD 17 500) and funding to local NGOs. For the latter, the embassy screens funding applications and submits an opinion to DGDC in Brussels, who takes the final funding decision. While local NGOs appreciate Belgium as a partner, the slow procedures for funding sometimes lead to disbursement delays which create risks for them. The Belgian Embassy, BTC and Belgian NGOs provide different kinds of funding to local NGOs but there is a lack of information about the opportunities available.

Opportunities for capacity development

Belgium has a variety of tools to support capacity development in Burundi, including expert and study funds, scholarships and institutional support initiatives. These need to be used effectively under the indicative programme to support the capacity of individuals and organisations, while promoting an enabling environment.

Technical assistance accounts for an important share of Belgian aid to Burundi.[50] BTC seconds two types of experts to Burundi's institutions: those responsible mainly for supporting capacity development and/or for developing programmes and strategic frameworks, and those responsible for implementing projects. The BTC technical assistants play an important role in implementing projects. However, there is scope to strengthen the capacity-building focus of their role. The long-term projects planned under the 2010-2013 programme could provide opportunities for increased capacity transfer.

Complicated but functioning organisation and management of Belgium's programme

The Embassy and BTC have a well-functioning relationship in Burundi, with BTC participating in the embassy's management meetings. As set out in the third management contract, BTC implements programmes and ensures continuous dialogue with the country. Sector experts are employed by BTC and located in Bujumbura, in the field and in Burundian institutions. The Embassy is called upon to support BTC in political matters. Embassy staff, however, tend to be occupied with administrative issues which leave them little time for strategic reflection, including giving guidance to BTC. Embassy staff also have limited access to training courses. BTC and the embassy would benefit from clear human resource strategies, especially for how to manage the increased budget in the coming years. Further reflection on the management and promotion of locally-hired staff, and recognition of their expertise, is also needed. The human resources development cycle could be more systematically used for this (Chapter 4).

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50. Sixty per cent of Belgium's aid to Burundi is allocated to technical co-operation which includes, but is not limited to, technical assistance. This share is significantly higher than Belgium's overall average of 25%.

Description of Key Terms

The following brief descriptions of the main development co-operation terms used in this publication are provided for general background information

ASSOCIATED FINANCING: The combination of official development assistance, whether grants or loans, with other official or private funds to form finance packages.

AVERAGE COUNTRY EFFORT: The unweighted average ODA/GNI ratio of DAC members, *i.e*. the average of the ratios themselves, not the ratio of total ODA to total GNI (cf. ODA/GNI ratio).

DAC (DEVELOPMENT ASSISTANCE COMMITTEE): The committee of the OECD which deals with development co-operation matters. A description of its aims and a list of its members are given at the front of the Development Co-operation Report.

DAC LIST OF ODA RECIPIENTS: For statistical purposes, the DAC uses a list of ODA recipients which it revises every three years. From 1 January 2007, the list is presented in the following categories (the word "countries" includes territories):

LDCs: Least Developed Countries. Group established by the United Nations. To be classified as an LDC, countries must fall below thresholds established for income, economic diversification and social development. The DAC List is updated immediately to reflect any change in the LDC group.

Other LICs: Other Low-Income Countries. Includes all non-LDC countries with per capita GNI USD 825 or less in 2004 (World Bank Atlas basis).

LMICs: Lower Middle-Income Countries, *i.e.* with GNI per capita (Atlas basis) between USD 826 and USD 3 255 in 2004. LDCs which are also LMICs are only shown as LDCs – not as LMICs.

UMICs: Upper Middle-Income Countries, *i.e.* with GNI per capita (Atlas basis) between USD 3 256 and USD 10 065 in 2004.

DEBT REORGANISATION (also **RESTRUCTURING)**: Any action officially agreed between creditor and debtor that alters the terms previously established for repayment. This may include forgiveness, or rescheduling or refinancing.

DIRECT INVESTMENT: Investment made to acquire or add to a lasting interest in an enterprise in a country on the DAC List of ODA Recipients. In practice it is recorded as the change in the net worth of a subsidiary in a recipient country to the parent company, as shown in the books of the latter.

DISBURSEMENT: The release of funds to, or the purchase of goods or services for a recipient; by extension, the amount thus spent. Disbursements may be recorded **gross** (the total amount disbursed over a given accounting period) or **net** (the gross amount less any repayments of loan principal or recoveries of grants received during the same period).

EXPORT CREDITS: Loans for the purpose of trade and which are not represented by a negotiable instrument. They may be extended by the official or the private sector. If extended by the private sector, they may be supported by official guarantees.

GRANTS: Transfers made in cash, goods or services for which no repayment is required.

GRANT ELEMENT: Reflects the financial terms of a commitment: interest rate, maturity and grace period (interval to the first repayment of capital). It measures the concessionality of a loan, expressed as the percentage by which the present value of the expected stream of repayments falls short of the repayments that would have been generated at a given reference rate of interest. The reference rate is 10% in DAC statistics. This rate was selected as a proxy for the marginal efficiency of domestic investment, *i.e.* as an indication of the opportunity cost to the donor of making the funds available. Thus, the grant element is nil for a loan carrying an interest rate of 10%; it is 100% for a grant; and it lies between these two limits for a loan at less than 10% interest.

LOANS: Transfers for which repayment is required. Data on net loan flows include deductions for repayments of principal (but not payment of interest) on earlier loans.

OFFICIAL DEVELOPMENT ASSISTANCE (ODA): Grants or loans to countries and territories on the DAC List of ODA Recipients and multilateral agencies that are undertaken by the official sector; with the promotion of economic development and welfare as the main objective; at concessional financial terms (if a loan, having a grant element of at least 25%).

ODA/GNI RATIO: To compare members' ODA efforts, it is useful to show them as a share of gross national income (GNI). "Total DAC" ODA/GNI is the sum of members' ODA divided by the sum of the GNI, *i.e*. the weighted ODA/GNI ratio of DAC members (*cf.* Average country effort).

OTHER OFFICIAL FLOWS (OOF): Transactions by the official sector with countries on the DAC List of ODA Recipients which do not meet the conditions for eligibility as official development assistance, either because they are not primarily aimed at development, or because they have a grant element of less than 25%.

TECHNICAL CO-OPERATION: Includes both a) grants to nationals of aid recipient countries receiving education or training at home or abroad, and b) payments to consultants, advisers and similar personnel as well as teachers and administrators serving in recipient countries.

TIED AID: Official grants or loans where procurement of the goods or services involved is limited to the donor country or to a group of countries which does not include substantially all aid recipient countries.

VOLUME (real terms): The flow data are expressed in United States dollars (USD). To give a truer idea of the volume of flows over time, some data are presented in constant prices and exchange rates, with a reference year specified. This means that adjustment has been made to cover both inflation in the donor's currency between the year in question and the reference year, and changes in the exchange rate between that currency and the United States dollar over the same period.

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