



# Annual Activity Report 2013

**Directorate-General for Development and  
Cooperation — EuropeAid**

## FOREWORD

This report reviews the work of the European Commission's Directorate-General for Development and Cooperation (DG EuropeAid) in 2013. EuropeAid is the Commission Directorate-General responsible for formulating EU development policy and defining sectoral policies in the field of external aid, in pursuit of a number of crucial aims. These include reducing poverty in the world, securing sustainable economic, social and environmental development and promoting democracy, the rule of law, good governance and respect for human rights. DG EuropeAid promotes coordination of European Union and Member States' development activities and manages the external aspects of European Union development cooperation. This report looks at the main steps taken by DG EuropeAid in 2013 to discharge its responsibilities.

In 2013 DG Europeaid took all necessary steps to reflect the priorities of the "Agenda for Change" in the programming of our new external financing instruments for the period 2014-2020. We continued to focus our action on making the Commission aid policy, tools and resources even more effective and efficient in order to increase the leverage of EU funding where it is most needed and can have the highest impact – mostly in the Neighbourhood and Sub-Saharan Africa, including fragile states. We also redoubled our efforts to design a manageable portfolio of projects and programmes and to apply sound financial management to our activities. This was achieved whilst adjusting to necessary cuts in staffing numbers.

This year saw us lay the groundwork for the upcoming EU Development and Cooperation Results Framework, through which the Commission will be better able to measure the results of the Union development programmes and increase their visibility. DG EuropeAid looked at existing results frameworks used by some other donors and made a proposal on how the EU results framework could function. Furthermore, this year the Commission, led by DG EuropeAid, began reflecting on the main challenges and opportunities of the debate on the post-2015 framework. This exercise has culminated in a set of principles for an overarching framework which would provide a coherent and comprehensive response to the universal challenges of poverty eradication and sustainable development.

2013 was also a year of management changes at DG EuropeAid. On 1 November I took over the management of the Directorate-General. I am pleased to say that throughout the transition the Directorate-General successfully ensured business continuity and made good on its commitments.

Fernando Frutuoso de Melo

*Brussels, 31 March 2014*

# TABLE OF CONTENTS

<b>FOREWORD</b>	<b>I</b>
<b>TABLE OF CONTENTS</b>	<b>II</b>
<b>INTRODUCTION</b>	<b>4</b>
DG EUROPEAID IN BRIEF .....	4
THE YEAR IN BRIEF.....	7
EXECUTIVE SUMMARY .....	18
KEY PERFORMANCE INDICATORS.....	19
POLICY HIGHLIGHTS OF THE YEAR (EXECUTIVE SUMMARY OF PART I) .....	22
KEY CONCLUSIONS ON RESOURCE MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS (EXECUTIVE SUMMARY ON PART 2 AND 3) 26	
INFORMATION TO THE COMMISSIONER .....	27
<b>1. POLICY ACHIEVEMENTS</b>	<b>28</b>
1.1 ACHIEVEMENT OF GENERAL AND SPECIFIC OBJECTIVES .....	28
1.2 STRATEGIC EVALUATIONS – <i>OVERVIEW</i> .....	117
1.3 SPECIFIC EFFORTS TO IMPROVE 'ECONOMY' AND 'EFFICIENCY' OF SPENDING AND NON-SPENDING ACTIVITIES. ....	120
1.3.1 EXAMPLE 1 (ECONOMY).....	120
1.3.2 EXAMPLE 2 (EFFICIENCY).....	121
<b>2. MANAGEMENT OF RESOURCES</b>	<b>122</b>
INTRODUCTION (KEY CONTROLS BY MANAGEMENT MODE, CONTROL PYRAMID) .....	123
2.1 MANAGEMENT OF HUMAN AND FINANCIAL RESOURCES BY DG EUROPEAID .....	127
2.1.1 CONTROL EFFECTIVENESS AS REGARDS LEGALITY AND REGULARITY .....	127
2.1.2 CONTROL EFFICIENCY AND COST-EFFECTIVENESS .....	143
2.1.3 FRAUD PREVENTION AND DETECTION .....	147
2.1.4 OTHER CONTROL OBJECTIVES: USE OF RESOURCES FOR THEIR INTENDED PURPOSE, RELIABILITY OF REPORTING, SAFEGUARDING OF ASSETS AND INFORMATION .....	149
2.2 BUDGET IMPLEMENTATION TASKS ENTRUSTED TO OTHER SERVICES AND ENTITIES.....	161
2.2.1 CONTRIBUTION AGREEMENTS SIGNED WITH INTERNATIONAL ORGANISATIONS IN JOINT MANAGEMENT .....	164
2.2.2 DELEGATION AGREEMENTS SIGNED WITH NATIONAL AGENCIES IN INDIRECT CENTRALISED MANAGEMENT .....	165
2.2.3 FINANCIAL INSTRUMENTS MANAGED BY ENTRUSTED BODIES.....	166
2.2.4 ASSESSMENT OF MANAGEMENT AND AUDIT AUTHORITIES IN SHARED MANAGEMENT.....	170
2.2.5 CROSS-SUB-DELEGATIONS .....	171
2.2.6 EXECUTIVE AGENCIES .....	173
2.3 ASSESSMENT OF AUDIT RESULTS AND FOLLOW UP OF AUDIT RECOMMENDATIONS.....	174
2.3.1 INTERNAL AUDIT SERVICE (IAS).....	175
2.3.2 INTERNAL AUDIT CAPABILITY (IAC) .....	177
2.3.3 EUROPEAN COURT OF AUDITORS (ECA) .....	178
<b>3. ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS</b>	<b>181</b>
3.1 GENERAL RISK ENVIRONMENT .....	181
3.2 INTERNAL CONTROL STANDARDS (ICS) .....	182
<b>4. MANAGEMENT ASSURANCE</b>	<b>190</b>
4.1 REVIEW OF THE ELEMENTS SUPPORTING ASSURANCE.....	190
4.1.1 POSITIVE ELEMENTS BUILDING ASSURANCE.....	190
4.1.2 ELEMENTS DESERVING ATTENTION AND CORRECTIVE MEASURES TAKEN.....	192
4.1.3 CONCLUSION .....	193
4.2 RESERVATIONS AND OVERALL CONCLUSION ON ASSURANCE.....	193
<b>DECLARATION OF ASSURANCE</b>	<b>196</b>
<b>ANNEXES</b>	<b>198</b>



## INTRODUCTION

### DG EuropeAid in brief

#### *Our Mission*

Within the European Commission, EuropeAid is the Directorate-General responsible for formulating EU development policy and defining sectoral policies in the field of external aid in order to reduce poverty in the world, to ensure sustainable economic, social and environmental development and to promote democracy, the rule of law, good governance and the respect of human rights. EuropeAid also fosters coordination between the EU and the Member States on development cooperation and it ensures the external representation of the EU in this field.

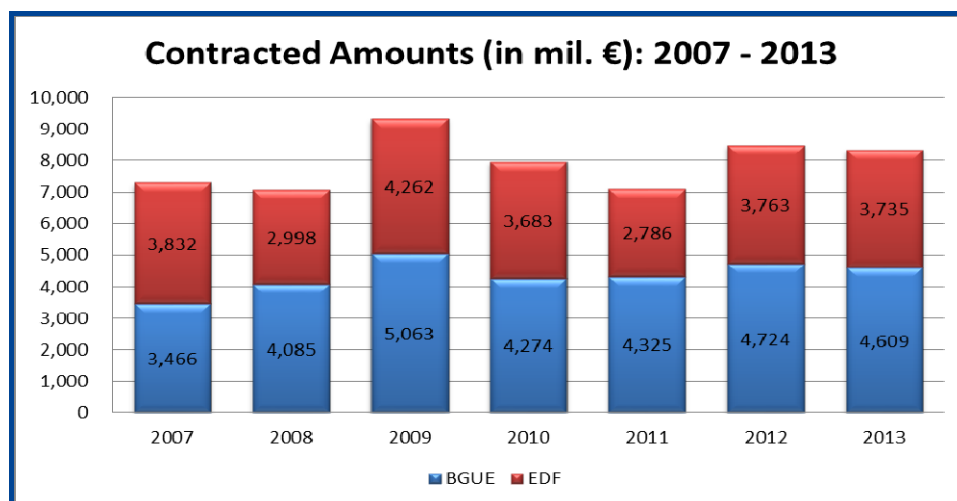
By supporting concrete assistance actions in Europe's Eastern and Southern Neighbourhood, EuropeAid aims furthermore to support reform and democratic consolidation, to strengthen the prosperity, stability and security of EU neighbours, to project EU values and policies in this region, and to contribute to strengthening the special relationship the EU has developed with its neighbouring countries.

EuropeAid is responsible, either on its own or together with the European External Action Service (EEAS), for the multiannual programming of the external aid instruments.

EuropeAid is in charge of implementing the EU's external aid instruments<sup>1</sup> which are financed by the European Budget and the European Development Fund. EuropeAid is responsible for one of the biggest budget managed by the Commission with an annual average of €7,943 million contracted during the 2007-2013 Multi-annual Financial Framework (MFF).

---

<sup>1</sup> The European Neighbourhood Instrument (ENI), the Financing Instrument for Development Cooperation (DCI), the financial instrument for the promotion of democracy and human rights worldwide (EIDHR), the Instrument contributing to Stability and Peace "2<sup>nd</sup> component" (IcSP), the Instrument for Nuclear Safety Cooperation (INSC) and the EU-Greenland Partnership Instrument.



In this context, it ensures the high quality and impact of aid, the swift implementation of projects and programmes and the visibility of European aid.

### *Our role*

Within the European Commission, EuropeAid promotes coherence between the EU's development policy and its other internal and external policies.

EuropeAid coordinates dialogue on development with non-EU bilateral donors, emerging economies and with international organisations in order on the one hand, to present a united European position and, on the other hand, to ensure that the Commission contributes to negotiations in international development fora. Moreover, it also enters into dialogue on development issues with non-state actors with whom it defines and implements cooperation measures.

As outlined in the Communication "An Agenda for change"<sup>2</sup>, EuropeAid will direct more funds to countries most in need, in line with the EU's recognition that supporting the development of its own Neighbourhood and in Sub-Saharan Africa is of critical importance. EuropeAid will also focus on fewer sectors to deliver better results and higher impact. It will also set up a results framework to improve its reporting on results.

### *Our organisation*

EuropeAid implements cooperation policy in a devolved way through EU Delegations based in approximately 110 countries around the world. The risks inherent to this complex set up and environment are duly mitigated by appropriate management, supervision, support and control systems required to ensure the highest levels of

---

<sup>2</sup> COM(2011) 637 final.

regularity, quality, impact and visibility of the programmes implemented.

The accountability and reporting chain in EuropeAid is organised as a “Control Pyramid” through which the statements of assurance signed by each Head of Delegation set the basis of the assurance provided by the other (sub)-delegated authorising officer at the upper levels of the Pyramid.

All Authorising Officers by (sub)-delegation substantiate their statements of assurance in their annual reports taking into account the results achieved for 26 Key Performance Indicators (KPI) regrouped in three categories: sound financial management, efficiency of the internal control systems and efficiency of the audit system.

## The year in brief

### *Key achievements / positive operational results*

#### ➤ *Development Policy achievements*

In 2013, DG EuropeAid continued turning the policy principles of our policy framework (Agenda for Change, 2011 Neighbourhood communications, Budget Support Communication) into practical deliverables.

2013 was a crucial year with the adoption by the Council and the European Parliament of the new External Financing Instruments proposed by the Commission which provide the strategic tools for more effective and flexible action over the period 2014-20. Intensive coordination work was made by DG EuropeAid during the final negotiation phase to get a final inter-institutional agreement on all legal proposals and key horizontal issues at stake such as delegated acts. In strategic terms, the overall priority remains to help the poorest in the world and work towards achieving the Millennium Development Goals and contribute to a global agenda for sustainable development post-2015.

With the new adopted instruments, the EU will target its resources where they are needed most and where they can have most impact. A more differentiated approach to partnerships and aid allocation driven by the country context is a core principle of the new Development Cooperation Instrument and European Neighbourhood Instrument. Differentiation also means a flexible use of implementation modalities. Innovative financial instruments like EU trust funds and blending will be promoted. In the renewed Neighbourhood policy, the incentive-based approach will allow the EU to increase its support for the partner countries who genuinely undertake reforms, in particular in the area of democracy and human rights. And when it comes to strategic emerging economies, the EU will focus primarily on other forms of cooperation and will seek to better promote its own strategic interests.

Moreover, with most country, regional and thematic programming documents prepared, 2013 was also crucial in terms of preparing the multiannual programming of assistance for the period 2014-20. This process followed the principles set out in the Agenda for Change - in particular differentiation, joint programming and the concentration of bilateral cooperation on a limited number of three well-defined sectors. Furthermore, DG EuropeAid sought to get the right articulation between national, regional and thematic programming to make our projects easier to carry out and maximise their impact. In parallel, we started identifying and formulating the first projects of the next funding period.

To pave the way towards more operational results as from 2014, DG EuropeAid issued in December 2013 a Staff Working Document, which sets out the overall structure and scope of the future EU results framework and includes a calendar of its implementation. It has been complemented by a provisional list of indicators covering EU development devco\_aar\_2013



priority sectors agreed for aligning Results Framework with National Indicative Programmes, Multiannual Indicative Programmes and Single Support Framework in terms of results and indicators. The alignment began at the end of 2013 with the first batch of EDF National Indicative Programmes.

➤ *EU added-value, coherence and complementarity between the instruments*

*EU added-value*

As the world's largest donor, the EU and its Member States provide more than half of global aid to developing countries. They provide aid to the poorest people on the planet in more than 150 countries worldwide and are committed to achieving the MDGs on time by the end of 2015.

Alone, the EU official development aid managed by the Commission, including the European Development Fund, or EDF, represents 20% of total aid of the entire EU, including its Member States. The EU has a network of international agreements all over the world, not matched by individual Member States, which gives the EU influence in almost all fields of international relations. The EU plays a multi-faceted role in development: as an implementing agent of EU aid and as an EU coordinator and policy-maker in the development field, and as an economic and trade partner. It also plays a role through security policy and political dialogue, as well as through other EU sector policies. The EU can do more than other international organisations, because of its holistic approach to development and external relations, in addition to instruments for the promotion of democracy, and mechanisms to respond to a crisis.

The EU has therefore the critical mass to respond to global challenges, such as poverty reduction and climate change. The action of individual Member States can be more limited.

The EU also has a long-standing reputation and role as a promoter of inclusiveness and multilateralism. It has a uniquely neutral and impartial position to deliver on external action on behalf of and with Member States, giving enhanced credibility in the countries where it works.

The EU is best placed to take on the role of global leader on behalf of its citizens, for instance in its contribution to the achievement of the MDGs.

*Coherence and complementarity*

Despite the existence of different instruments, DG EuropeAid strives to ensure the coherence and complementarity between programmes.

In the reporting year geographic programmes under EDF, European Neighbourhood Partnership Instrument (ENPI) or Development Cooperation Instrument (DCI), have

devco\_aar\_2013

covered different countries and regions: no developing country is covered by more than one geographic programme. These programmes, which are implemented through specific national programming documents per country, allow full compliance with the principles of aid effectiveness, notably ownership and alignment. These programmes constitute the main tool for cooperation with partner countries.

Thematic programmes, such as European Instrument for Democracy and Human Rights (EIDHR), Instrument for Stability (IfS) or thematic DCI programmes, have a global scope and therefore could potentially overlap with actions implemented under geographic programmes. However, the thematic programmes are designed to be complementary to geographic ones; they should only intervene at a national level to provide a value-added which could not be effectively obtained through the implementation of the aforementioned national programming documents.

DG EuropeAid also coordinates with other Commission's services (ECHO, FPI) and EEAS to ensure coherence with programmes such as emergency assistance or crisis responses under IfS. Taking into consideration the need to ensure effective bridging between humanitarian relief and long-term development assistance, measures eligible under the humanitarian aid instrument should not, in principle, be funded under geographic programmes or the crisis component of IfS, except where there is a need to ensure continuity of cooperation from crisis to stable conditions for development. Likewise, with regard to the time-limited crisis response actions undertaken in fragile or conflict-affected countries under IfS, the programming of geographic instruments may also need to build upon these 'kick-start' actions.

Coherence and complementarity is difficult to implement in practise and there is room for improvement. In this regard, programming under the new external aid instruments for the 2014-2020 Multiannual Financial Framework put a special emphasis on providing the required framework to promote synergies and complementarities between them.

### ➤ *Supporting the EU development policy*

The Directorate-General for Development and Cooperation – EuropeAid implements most of the EU's external development assistance, which is designed to meet the policy objectives of the 'Agenda for Change' (2011) as defined in the legal Instruments, and is financed from the General Budget or the European Development Funds (EDFs). The most important instruments in financial terms are the EDF (for countries in Africa, the Caribbean and Pacific), the European Neighbourhood Instrument (ENI) and the Development Cooperation Instrument (DCI). Most external assistance programmes are implemented mainly under a variety of management systems (Centralised-direct, Decentralised and Joint Management).

In the 'Agenda for Change' of 2011, the EU reaffirms that the primary objective of EU development policy is the eradication of poverty in the context of sustainable development, including the achievement of the Millennium Development Goals (MDGs)

and calls for increased focus on:

- human rights, democracy and other key elements of good governance, including gender equality, fairer taxation and the fight against corruption, and support for civil society;
- inclusive and sustainable growth for human development, with support for social protection and the social sectors, a stronger business environment, and sustainable agriculture and energy.

A renewed approach to providing budget support to partner countries was also launched in 2011.

In 2013, an amount of EUR 8.3 billion was contracted, mainly through the European Development Fund (45%); the Development Cooperation Instrument (27%) and the European Neighbourhood Partnership Instrument (23%). Overall, the financial programmes have been implemented according to plan, except for two specific objectives relating to the ENI which were on track for Neighbourhood East but not on track for Neighbourhood South (see AAR; this is mostly because of the crisis in this region).

As the indicators chosen by DG EuropeAid as Key Performance Indicators, are impact related, it is not easy to differentiate which part of the progress registered so far is attributable to European Commission's action only.

During the period 2004-2012 the programmes managed by EuropeAid and financed both by the General Budget and the European Development Fund yielded the following results (illustrative list):

- In support of MDG 1 "Eradicate extreme poverty and hunger", DG EuropeAid assisted 46.5 million people through social transfers (cash or other in-kind benefits, provided on a regular basis to poorest and most at-risk) for food security. In 2012, alone, €1.6 billion was made available to build resilience and improve sustainable agricultural development. This support was aimed to fighting undernutrition, increasing food facility and improving access to people who are at risk of hunger;
- In support of MDG 2 "Achieve universal primary education", DG EuropeAid supported 13.7 million enrolments of pupils in primary education; trained 1.2 million teachers and built or renovated 37.000 schools;
- In support to MDG 4 "Reduce child mortality" DG EuropeAid ensured that 18.3 million children under 1 year of age were immunised against measles and that more than 8500 health centres and facilities, were built, renovated or furnished.

It is not yet possible to assess fully the impact of the 2011 policy changes – several evaluations have nevertheless started or will be launched soon, including on gender equality, and democracy – but evaluation results from 2013 have confirmed the new devco\_aar\_2013

focus in several respects. In particular, looking at private sector development (PSD) and trade-related assistance (TRA), it showed that many third countries have deepened their integration into the world economy in recent years, but the degree of progress varied. Most progress was seen in countries where the private and public sectors were strongly trade-oriented. The most significant results were in the EU's Southern Neighbourhood countries and in Asia where the private-sector support was designed to make progressive free trade regimes a success. In many LDCs (Least developed countries) and fragile situations, TRA support succeeds in increasing trade volume but had less success in diversifying trade. Hence, these countries still need better integrating into the world economy. Good results have been achieved in the area of institutional and regulatory reforms (I&R) for an improved business environment, mainly in Southern Neighbourhood countries where the link to the trade agreement provided an incentive for reforms.

As a result the EU will adapt its approach to the context and especially to the level of development of the country. More specifically, systematic market analysis during the design phase would improve the effectiveness of our interventions, and better mainstreaming of poverty reduction and employment creation in TRA and PSD support will increase the impact of EU's support. At strategy level, employment and job creation need to become central. In parallel, the evaluation of EU's support to integrated border management (IBM) and fight against organised crime (OC) concluded that synergies should be developed with other related areas, notably Trade. EU support to border management paid more attention to border security.

Evaluations of budget support programmes have shown the value of this instrument, and the Tanzania evaluation shows that budget support tends to be very effective where there is a need to scale up resources to address basic needs. Additional funds provided into the budget have had a positive effect on economic growth, on the education sector and on non-income poverty. The evaluators conclude that neither project funding nor common basket funding could have achieved these same results with the same degree of efficiency, effectiveness and sustainability. Moreover, in cases such as where the objective is to ensure adequate road maintenance, or to increase teachers' salaries, budget support is perhaps the only aid modality that can effectively address such issues.

The evaluation of budget support to South Africa shows that budget support can also be effective where the funds represent a marginal proportion of the country's budget and where the scaling up of resources to address basic needs is less of a problem. The funds provided to South Africa have been used by the Government for specific innovative and pilot activities, the implementation of which had an impact on Government policies. It is unlikely that a similar impact would have been achieved if those pilot activities had been financed through traditional projects, which tend to be less owned by the Governments.

However both South Africa and Tanzania evaluations show that the policy dialogue and

the capacity building measures could have been more effective, and in a number of important areas, weaknesses in policy design and in reform implementation have persisted. These are being addressed.





### ➤ Operational results





DG EuropeAid made sure that all remaining funds from the current financial framework for 2007 – 2013 were committed for their intended purpose on time and kept the focus trained on the sound and efficient implementation of current programmes.

2013 was an important year for DG EuropeAid to improve the relations with its partners particularly to improve its operational results in two areas:

1. To deliver effective and common EU input into the UN process to review the Millennium Development Goals and define a post-2015 development agenda, DG EuropeAid drafted a Commission Communication, adopted in February 2013, setting out the EU's ideas for development objectives after 2015. Our post-2015 approach centres on a development framework that is equally ambitious, achievable and accountable. Throughout, DG EuropeAid ensured close coordination of the post-2015 development agenda with the global process of defining Sustainable Development Goals and with the steps towards a green economy following the Rio+20 Summit held in June 2012.

During the period 2004-2012 the programmes managed by EuropeAid and financed both by the General Budget and the European Development Fund yielded the following results (illustrative list):

 <p>ERADICATE EXTREME POVERTY AND HUNGER</p>	<p>1</p> <ul style="list-style-type: none"> <li>• 46.5 million people benefitted from social transfers for food security.</li> <li>• 7.7 million people received technical or vocational education or training.</li> <li>• 8.8 million people benefitted employment related assistance.</li> </ul>	 <p>IMPROVE MATERNAL HEALTH</p>	<p>5</p> <ul style="list-style-type: none"> <li>• Almost 17 millions consultations on reproductive health.</li> <li>• Over 7.5 million births attended by skilled health personnel.</li> </ul>
 <p>ACHIEVE UNIVERSAL PRIMARY EDUCATION</p>	<p>2</p> <ul style="list-style-type: none"> <li>• 13.7 million new pupils enrolled in the primary education.</li> <li>• 1.2 million primary teachers trained.</li> <li>• 37.000 schools built or renovated.</li> </ul>	 <p>COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES</p>	<p>6</p> <ul style="list-style-type: none"> <li>• More than 350.000 people with advanced HIV infections have received antiretroviral combination therapy between 2010 and 2012.</li> <li>• 18 million insecticide-treated bednets distributed.</li> </ul>

 <p>PROMOTE GENDER EQUALITY AND EMPOWER WOMEN</p>	<ul style="list-style-type: none"> <li>• 736 Civil Society Organisations working on gender equality supported.</li> <li>• 300.000 female students enrolled in secondary education.</li> <li>• 12.944 female students in Erasmus Mundus and other student mobility schemes.</li> </ul>	 <p>ENSURE ENVIRONMENTAL SUSTAINABILITY</p>	<ul style="list-style-type: none"> <li>• 1.9 million km<sup>2</sup> of forests protected.</li> <li>• More than 70 million people connected to improved drinking water.</li> <li>• 24.5 million people connected to sanitation facilities.</li> <li>• Continued conservation of 1.1 million km<sup>2</sup> of protected areas.</li> </ul>
 <p>REDUCE CHILD MORTALITY</p>	<ul style="list-style-type: none"> <li>• 18.3 million children under one year of age immunised against measles.</li> <li>• More than 8.500 health centres and facilities built, renovated or furnished.</li> </ul>	 <p>GLOBAL PARTNERSHIP FOR DEVELOPMENT</p>	<ul style="list-style-type: none"> <li>• More than 700 million voters covered by election observation mission.</li> <li>• 69 election observation missions deployed and more than 7.500 observers deployed.</li> <li>• 87,000 km of roads maintained, constructed and rehabilitated.</li> </ul>

Images extracted from <http://www.un.org/millenniumgoals/poverty.shtml>;  
Source: [http://ec.europa.eu/europeaid/documents/mdg-brochure-2013\\_en.pdf](http://ec.europa.eu/europeaid/documents/mdg-brochure-2013_en.pdf)

2. After one year of implementation, the new Budget Support policy bears fruits, notably as regards the use of State-building Contracts in fragile States. Positive results were achieved notably through better differentiating EU Budget Support and choice of contracts, new eligibility criteria on transparency and oversight of the budget and implementation of a Risk Management Framework which appears a crucial tool for the decision making process. DG EuropeAid also continued to promote the use of innovative financial instruments, notably blending operations, which were given more visibility in the external relations area.

### ➤ **Geographic and thematic results**

In 2013 DG EuropeAid also gave specific attention to a number of Commission political, geographical and thematic priorities:

- In the **Neighbourhood region** DG EuropeAid continued the implementation of the incentive-based approach and refocused our cooperation in countries such as Egypt where political turmoil has affected democratic change.
- In the Southern Neighbourhood, DG EuropeAid has maintained high-level of support by making available more than €1.5 billion for bilateral and regional programmes. SPRING allocations were made available to Jordan, Lebanon, Morocco and Tunisia following the "more for more" principle. A Joint Communication on a comprehensive EU response to the Syrian crisis was adopted on 24 June. In total (EU and Member States) €2.2 billion were mobilised

to address the crisis, in Syria and in the neighbouring countries, notably Jordan and Lebanon.

- In the Eastern Neighbourhood, DG EuropeAid continued to support sector reforms through EU budget support programmes, complemented by infrastructure projects via the Neighbourhood Investment Facility. Implementation of the "more for more" principle has continued to be operationalised notably in Moldova, Georgia, Armenia and bilateral cooperation was complemented with regional programmes and flagship initiatives. Furthermore, the Eastern Partnership roadmap agreed in 2012 to foster political association, economic integration, mobility and sectoral cooperation with our six eastern neighbours was implemented.
- **Africa** continued to be a central priority for the Union development agenda. DG EuropeAid along with DG ECHO pursued its efforts at building long-term resilience and reducing the vulnerability of the people most affected by disasters in the Sahel and in the Horn of Africa. In addition, a special focus was maintained on stabilising countries such as Mali through the peaceful organisation of elections and EU substantial aid package. DG EuropeAid also mainstreamed its approach to resilience through the Action Plan adopted in May 2013 to implement the 2012 policy communication on resilience and continued working in close cooperation with DG ECHO to improve the interface between humanitarian and development actors in these major initiatives. The multidimensional and long-term approach on resilience is notably based on Joint humanitarian, development framework methodology and Planning workshops in targeted countries such as Mali and Yemen.
- Based on the **Joint EU Communication on Comprehensive Approach to Crisis and Conflicts**, a collaborative process between EuropeAid and other concerned services has been pursued to enhance the EU approach to these situations.
- DG EuropeAid engaged, and supported directly, civil society organisations and local authorities in their contributions to sustainable and inclusive development, following up on the preparation and adoption of the **Local Authorities Communication** in May 2013 devising roadmaps on EU engagement with civil society organisations at country level.
- In 2013 DG EuropeAid launched EU action under the Sustainable Energy for All initiative and the **“Energising Development” initiative** announced by the Commission in April 2012 to help developing countries provide access to sustainable energy services for an additional 500 million people by 2030. More than 25 countries have chosen energy as a focal sector for bilateral cooperation with the EU.
- DG EuropeAid drafted a **Communication on nutrition**, adopted in March 2013, to reflect on our efforts at combatting under nutrition – specifically child and

maternal malnutrition – and to bring nutrition higher up on the global development agenda. At the Nutrition for Growth Event in London in June Commissioner Piebalgs pledge to allocate €3.5 billion for nutrition in 2014-2020. The Action Plan matches this pledge and 7 million reduction stunting target will be adopted by the Commission by May 2014. Around 40 countries have retained nutrition-relevant sectors in their NIPs.

### ➤ *Relations with the EEAS*

In 2013, DG EuropeAid continued to enhance its relationship and synergies with the EEAS.

In terms of key achievements, DG EuropeAid and the EEAS worked closely together to finalise the negotiations of the new external financial instruments, prepare the strategic dialogue with the European Parliament and draw up the preparatory works for the next programming exercise for the implementation of the new MFF 2014-2020. DG EuropeAid and the EEAS also worked together to develop joint strategies such as the strategic framework for the Gulf of Guinea or to highlight the importance of development work in relation to exit strategies in crisis-affected countries.

As regards the issues concerning the management of EU Delegations, the close cooperation between the Commission and the EEAS also improved through the EUDEL coordination mechanisms and the Steering Committee for Delegations. In 2013, in order to enhance the coordination and deepen the reflections, the working level meetings have been upgraded at Director level. With its special resources management and coordination responsibilities, EuropeAid as Centre of Gravity is playing a key role in this process. Finally, EuropeAid reinforced the coordination, communication and transparency towards Heads of Delegation.

### ➤ *Organisational changes*

On the organisational side, DG EuropeAid strived to deliver on our mandate while at the same time the first set of staff cuts imposed on all Commission services was implemented. To absorb the planned cuts in the years to come and minimise their impacts, DG EuropeAid initiated a workload assessment at Headquarters to identify those parts of our organisation where streamlining and economies of scale are possible, and where a quantitative and qualitative boost will be needed to enable us to fulfil our mission in the years to come. In 2013 we also continued putting the conclusions of the 2011-12 workload assessment for Delegations into practice. Alongside these initiatives we made a collective effort to reduce the number of contracts managed by Delegations and Headquarters, resulting in a smaller number of larger-scale activities.

Despite our efforts to manage the insufficient payment as effectively as possible, our delivery of aid was affected in 2013 by the insufficient payment credits. The same difficulty will present itself in 2014 and unless a substantial reinforcement will be made



through an Amending Budget, we might run out of payment appropriations in the last two months of the year. This situation implies a high political and reputational risk for the European Union, as it will translate, on one side, into difficulties for the many NGOs and other small contractors that will receive their payments late or will face delayed signature of their contracts with DG EuropeAid and, on the other side, into delays of budget support payments to beneficiary countries where the EU has committed to contribute, which would in turn lead to delays in the contributions from other organisations (e.g. the International Monetary Fund). This would in turn lead to financial gaps in the budget of the partner countries and jeopardize the programmes with other organisations, particularly the IMF.

### ***Major events which had an impact on EuropeAid in 2013***

#### ***➤ External events***

A number of major global events took place in 2013. For instance, DG EuropeAid attended the UN General Assembly Summit on the Millennium Development Goals held in New York in September. DG EuropeAid supported Commissioner Piebalgs' participation in the United Nations High-level Panel on the post-2015 development agenda, through which we brought EU positions in this strategic area to the fore. In the follow-up of the Busan High Level Forum on Aid and Development Effectiveness, DG EuropeAid represented the EU in the Steering Committee implemented for the launching of the Global Partnership for Effective Development Cooperation.

In parallel, a range of major events on key topics took place (including the UN High-level political forum on sustainable development, the UN Global Education First Initiative and the SUN and Sustainable Energy for All initiatives). Another key event held in Brussels was the 2013 European Development Days (EDDs), whose theme was the post-2015 debate and the need to build a consensus for a strong common European position advocating a joined-up approach to addressing global poverty and sustainable development.

Under the Africa-EU Partnership DG EuropeAid organised several important events, including the African Union Commission-European Commission meeting. We were called on to prepare the 2014 EU-Africa Summit. We also started programming the new pan-African programme.

#### ***➤ Internal events***

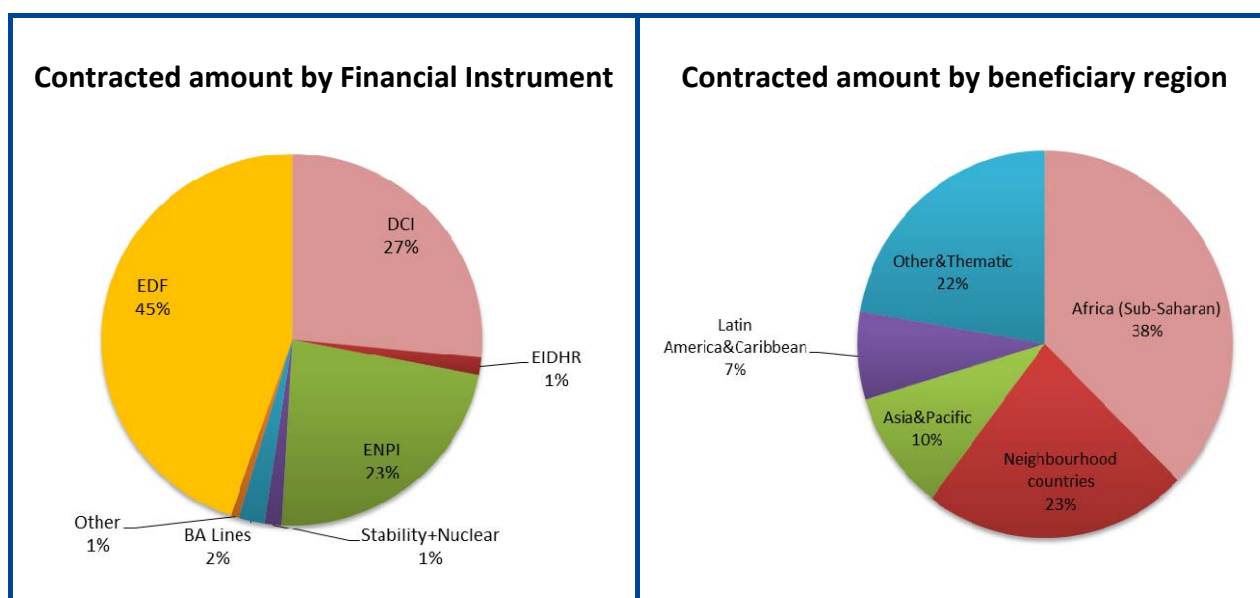
On 1 November 2013 a new Director-General, Fernando Frutuoso de Melo, took over from his predecessor, Fokion Fotiadis. In his first message addressed to EuropeAid staff, he set his immediate priorities for DG EuropeAid; these include pursuing the implementation of the Agenda for Change and a continued responsible and constructive role in the global discussions on the post-2015 framework. Our new Director-General

also stressed that efficient and motivated staff at Headquarters and in Delegations remains DG EuropeAid's most important asset.

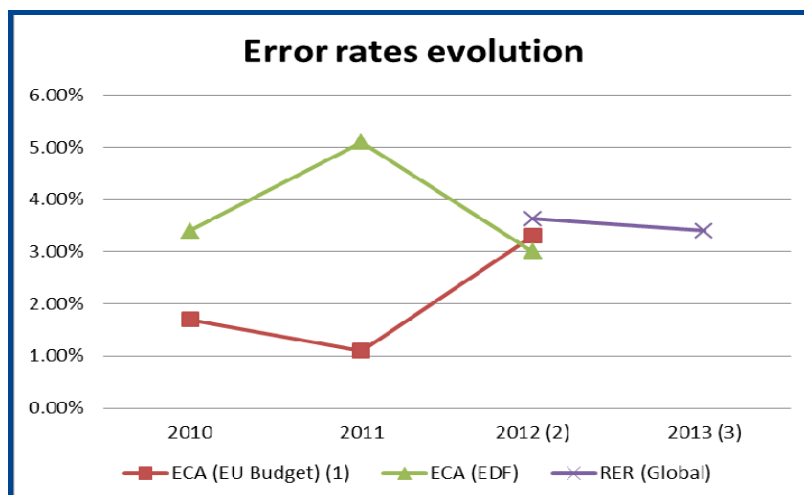
DG EuropeAid organised the first edition of the EuropeAid Days in March. The main objective of this event was to bring together Heads of Operations and Finance and Contracts from each EU Delegation in Brussels to discuss relevant strategic issues for DG EuropeAid, the execution of its mandate, its working methods and its positioning in EU external action that may impact aid implementation.

➤ **Most important quantitative data for 2013**

In 2013, EuropeAid contracted a total amount of €8,344 million. The repartition by funding sources and by beneficiary region is presented in the graphs below.



The evolution of the error rates calculated by the European Court of Auditors (ECA) and of the Residual Error Rates (RER) established by an independent private audit company mandated by EuropeAid is presented in the graph below.



(1) External relations, aid and enlargement


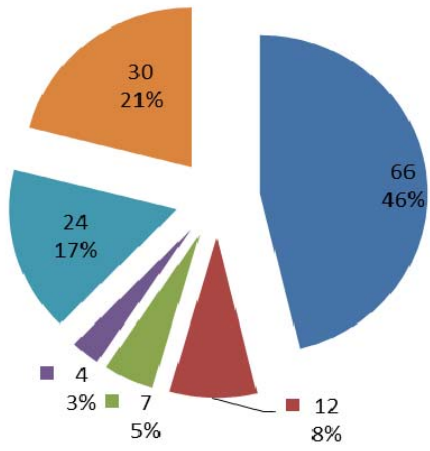
(2) In 2012, the error rate calculated by ECA for the EU Budget would have been 0.1% without change in the ECA methodology.

As a result of the RER calculated for 2012 (3.63%) and 2013 (3.35%), and taking into account the error rates identified by ECA for the previous years, the Director General of EuropeAid has decided to include in his Annual Activity Reports for years 2012 and 2013 a reservation on the legality and regularity of the underlying transactions. Indeed, the amounts considered at risk represent more than 2% of DG EuropeAid payments authorised in the reporting years. The analysis of errors made by EuropeAid led to the conclusion that, even if the design of the control system was overall correct, several aspects of its implementation still needed to be improved. To address these aspects, a comprehensive Action Plan was adopted in May 2013 and has been implemented since September 2013. The first results of this Action Plan should be apparent as from 2014.


## Executive Summary


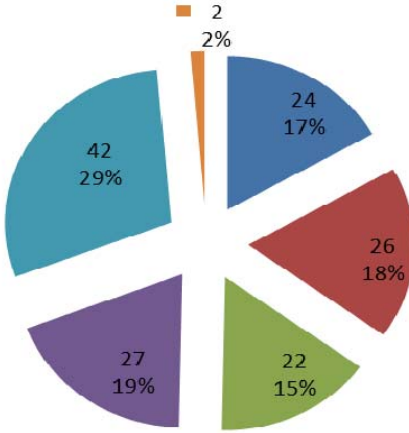


The Annual Activity Report is a management report of the Director-General of DG EuropeAid to the College of Commissioners. It is the main instrument of management accountability within the Commission and constitutes the basis on which the Commission takes its responsibility for the management of resources and the achievement of objectives.

## Key Performance Indicators

Indicator	Trend	Target/ milestone	Latest known result as per AAR
<p><b>KPI 1 Millennium Development Goal 1, indicator 1.1: Proportion of the population living below 1.25 dollar (PPP) per day.</b></p>		<p>Halve, between 1990 and 2015, the proportion of people whose income is less than 1.25 dollars a day.</p> <p>Baseline: 43.1% (1.9 billion people).</p>	<p>Target reached in all regions except the Sub-Saharan Africa<sup>3</sup></p> <p>Estimation for 2015: 15.5% (0.97 million people).</p>
		<p style="text-align: center;"><b>Extent of progress toward MDG 1.1, by number of countries</b></p>  <p> <span style="color: blue;">■</span> Target met      <span style="color: red;">■</span> Sufficient progress      <span style="color: green;">■</span> Insufficient progress  <span style="color: purple;">■</span> Moderately off target      <span style="color: cyan;">■</span> Seriously off-target      <span style="color: orange;">■</span> Insufficient data </p> <ul style="list-style-type: none"> <li>• <b>Sufficient progress</b> indicates that MDG targets can be attained by 2015.</li> <li>• <b>Insufficient Progress:</b> indicates that MDG target will probably be attained between 2016-2020.</li> <li>• <b>Moderately off target:</b> indicates that MDG target will probably be attained between 2020-2030.</li> <li>• <b>Seriously off target:</b> indicates that MDG target will probably be attained after 2030.</li> </ul>	

<sup>3</sup> Based on current economic projections, the target is reached in all regions except the Sub-Saharan Africa.

Indicator	Trend	Target/ milestone	Latest known result as per AAR																		
<p><b>KPI 2 Millennium Development Goal 2, indicator 2.2: Proportion of pupils starting in grade 1 who reach the last grade of primary school.</b></p>		<p>Ensure that, by 2015, children everywhere, boys and girl alike, will be able to complete a full course of primary schooling: 100%</p> <p>Baseline: 77.6% (1990)</p>	<p>Important progress achieved: 89.4% (2011)</p>																		
		<p style="text-align: center;"><b>Extent of progress toward MDG 2.2, by number of countries</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Category</th> <th>Number of Countries</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Target met</td> <td>41</td> <td>29%</td> </tr> <tr> <td>Sufficient progress</td> <td>17</td> <td>8%</td> </tr> <tr> <td>Insufficient progress</td> <td>14</td> <td>10%</td> </tr> <tr> <td>Moderately off target</td> <td>8</td> <td>6%</td> </tr> <tr> <td>Seriously off-target</td> <td>43</td> <td>30%</td> </tr> <tr> <td>Insufficient data</td> <td>25</td> <td>17%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>• <b>Sufficient progress</b> indicates that MDG targets can be attained by 2015.</li> <li>• <b>Insufficient Progress:</b> indicates that MDG target will probably be attained between 2016-2020.</li> <li>• <b>Moderately off target:</b> indicates that MDG target will probably be attained between 2020-2030.</li> <li>• <b>Seriously off target:</b> indicates that MDG target will probably be attained after 2030.</li> </ul>	Category	Number of Countries	Percentage	Target met	41	29%	Sufficient progress	17	8%	Insufficient progress	14	10%	Moderately off target	8	6%	Seriously off-target	43	30%	Insufficient data
Category	Number of Countries	Percentage																			
Target met	41	29%																			
Sufficient progress	17	8%																			
Insufficient progress	14	10%																			
Moderately off target	8	6%																			
Seriously off-target	43	30%																			
Insufficient data	25	17%																			

Indicator	Trend	Target/ milestone	Latest known result as per AAR																					
<p><b>KPI 3 Millennium Development Goal 4, indicator 4.1: Under 5 mortality rate.</b></p>		<p><b>2015:</b> Reduce by two thirds, between 1990 and 2015, the under-5 mortality rate.</p>	<ul style="list-style-type: none"> <li>• <b>1990:</b> 97</li> <li>• <b>2011:</b> 57</li> <li>• <b>2012:</b> 55</li> </ul> <p>Important progress noticed.</p> <div data-bbox="596 510 1318 1144" style="text-align: center;"> <p><b>Extent of progress toward MDG 4.1, by number of countries</b></p>  <table border="1" style="margin: auto;"> <caption>Data for MDG 4.1 Progress Chart</caption> <thead> <tr> <th>Category</th> <th>Count</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Target met</td> <td>24</td> <td>17%</td> </tr> <tr> <td>Sufficient progress</td> <td>26</td> <td>18%</td> </tr> <tr> <td>Insufficient progress</td> <td>22</td> <td>15%</td> </tr> <tr> <td>Moderately off target</td> <td>27</td> <td>19%</td> </tr> <tr> <td>Seriously off-target</td> <td>42</td> <td>29%</td> </tr> <tr> <td>Insufficient data</td> <td>2</td> <td>2%</td> </tr> </tbody> </table> </div>	Category	Count	Percentage	Target met	24	17%	Sufficient progress	26	18%	Insufficient progress	22	15%	Moderately off target	27	19%	Seriously off-target	42	29%	Insufficient data	2	2%
Category	Count	Percentage																						
Target met	24	17%																						
Sufficient progress	26	18%																						
Insufficient progress	22	15%																						
Moderately off target	27	19%																						
Seriously off-target	42	29%																						
Insufficient data	2	2%																						
<p><b>KPI 4. Number of partner countries which have improved their overall governance performance as measured by the World Bank's Worldwide Governance Indicators.</b></p>		<p>Baseline year: 2009 Positive trend.</p>	<ul style="list-style-type: none"> <li>• <b>2011:</b> 85</li> <li>• <b>2012:</b> 77</li> </ul>																					
<p><b>KPI 5: Residual Error Rate split by ABB activity.</b></p>		<p>RER &lt; materiality level of 2%.</p>	<ul style="list-style-type: none"> <li>• <b>2012:</b> Global RER for EuropeAid: 3.63%</li> <li>• <b>2013:</b> Global RER for EuropeAid: 3.35% <ul style="list-style-type: none"> <li>○ RER for EDF*: 2.70%</li> <li>○ RER for DCI*: 3.72%</li> <li>○ RER for ENPI*: 0.05%</li> </ul> </li> </ul>																					

*\*These error rates are unrepresentative and of limited statistical value*

## Policy highlights of the year (executive summary of part I)

### ➤ *Policy achievements and challenges*

#### **1. *Agenda for change and its implementation via the programming exercise***

In 2013, DG EuropeAid worked at implementing the principles and priorities introduced with the Agenda for Change to achieve a more effective cooperation and higher impact in terms of poverty reduction. The Agenda for Change orientations have been integrated into the financial instruments for the period 2014-2020, the EDF and the bilateral, regional and thematic programming process. In 2013 progress has been made in the implementation of the principles of strategic prioritisation, concentration, differentiation and EU coordination.

#### **2. *Post 2015***

The 2013 Communications “A decent life for all: Ending Poverty and Giving the World a Sustainable Future” and “Beyond 2015: towards a comprehensive and integrated approach to financing poverty eradication and sustainable development” set out our new vision on the post-2015 development agenda and put forward possible elements of a common EU approach to financing beyond 2015, advocating an integrated approach to all resources and processes.

#### **3. *Post Cotonou***

The Cotonou Partnership Agreement is the legally binding international agreement between the EU and its Member States and the ACP states which will expire on 01/03/2020 after covering developmental cooperation, trade and political dialogue for 20 years. A complex process of reflection on the potential successor has started in 2013. An Inter Service Group co-lead by EuropeAid and EEAS was put in place with the mandate of further analysing the options, preparing public consultations, evaluating guiding the future work.

#### **4. *Follow-up to the 4th High Level Forum on aid Effectiveness***

The EU continued to promote and drive the aid effectiveness agenda. Key outputs were the expansion of joint programming and further progress in improving transparency. The Commission contributed to the progress of the Global Partnership for Effective Development Cooperation.

In 2013 EuropeAid advanced well on the implementation of two aid effectiveness priorities:

- a) Joint programming: aiming at enhancing effective and efficient EU aid

delivery by reducing the fragmentation among EU and MS' aid programmes. This priority also fosters joint political EU action, giving the EU a stronger voice and visibility vis-à-vis other actors and donors. Since 2012, after 2 “pilots” – Haiti and South Sudan- joint programming has been agreed to be applied in around 40 countries.

- b) Implementation of the EU transparency guarantees in our reporting systems: this is one of the main deliverables for the Busan High-level Forum. This priority means in practice a clear commitment by the EU and its Member States to disclose a wide variety of aid information. In 2012 EuropeAid was according to the aid transparency index of the NGO “Publish what you fund” as the 5<sup>th</sup> most transparent donor from a list of 72 donors.

### **5. *New communications adopted***

- “A Decent Life for All: Ending Poverty and Giving the World a Sustainable Future”.
- “Beyond 2015: towards a comprehensive and integrated approach to financing poverty eradication and sustainable development”.
- “Maximising the Development Impact of Migration – The EU contribution for the UN High-level Dialogue and next steps towards broadening the development-migration nexus”.
- “Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes”.
- “An EU policy framework to enhance maternal and child nutrition, with a particular focus on reducing both stunting and wasting”.

### **6. *Negotiation 11th EDF Legal Bases***

In 2013 the Internal Agreement, Annex IC Cotonou Agreement (MFF 2014-2020), Revised Annex II Cotonou Agreement (Investment Facility) and the Bridging Facility were adopted.

Preparatory work was carried out for the 11<sup>th</sup> EDF Implementation Regulation and the Revision 10<sup>th</sup> EDF Implementation Regulation which are currently under negotiation.

### **7. *EU Policy Coherence for Development (PCD)***

The Commission has published in October 2013 the 4th edition of the EU Report on Policy Coherence for Development (PCD), reviewing both cross-cutting PCD issues such as general coordination, respective roles and processes set up to promote PCD



and PCD measuring, but also thematic issues organised under the five global challenges: trade and finance, climate change, food security, migration and security.

## ➤ *Operational results - highlights*

### 1. *Thematic focus*

- Crucial action in the fight against AIDS, tuberculosis and malaria;
- Associating vocational education and social cohesion to empower marginalised persons as well as informal economy workers;
- Contribution to the destruction of chemical weapons in Syria;
- Completion of the EU contribution to the Chernobyl Shelter Fund;
- Continued support to strengthening the role of civil society in promoting human rights and democracy;
- Additional contribution to the Global Climate Change Alliance –adding up to €300 million in 37 countries and 8 regions/sub-regions;
- Preparation of 36 contracts within the blending facilities (NIF, IFCA, AIF, LAIF) and the Energy for All Initiative for a total amount of €312 million;
- Continued support to agricultural research and strengthened governance for food security;
- Quality support to bilateral and regional geographical programmes, including 81 thematic support missions to Delegations 36 field missions on nutrition, social transfers and sustainable agriculture.

### 2. *Geographical focus*

#### Africa

- Supporting Horn of Africa Resilience (SHARE) - *2013 achievements*: more interaction between humanitarian/development assistance; more long-term assistance provided in the Horn; enhanced support to IGAD and MS on their resilience agendas; development projects for an additional €125 million

were approved in Kenya, Ethiopia and Djibouti.

- African Peace Facility (APF) - *2013 achievements*: considerable support for AMISOM, MICOPAX and AFISMA; important portfolio of capacity-building programmes implemented in order to make APSA operational; under the APF's Early Response Mechanism immediate financial support provided for preventive diplomacy (Somalia, Mali, Sudan, Sahel, Great Lakes region).
- Fragility and crisis situations:
  - Mali: best practice for delivery of aid in record time; donor conference and international follow-up meetings; unprecedented visibility of EU aid. €521 million of the €523 million EC pledges announced in May 2013 committed and €238 million paid, all in less than 9 months. Implementation of a new €225 million SBC, to help ensure basic service provision and restore the rule of law in the country. EU support also contributed to successful democratic elections and reinstating the country's fiscal policy.
  - Central African Republic: following the fall of President Bozize in March 2013 and the general rise of instability which occurred immediately afterwards, peaking in December 2013, development programmes have been reoriented in order to better respond to the needs of the populations. A package of €23 million development programmes has been adopted at the end of 2013, which contains support to public finance management, police, justice as well as high intensive labour programmes. In view of the important humanitarian needs, €10 million have been transferred from the EDF reserves to ECHO in December 2013.

### Neighbourhood Countries

- EU Cooperation operational activities successfully adapted to current situation. Effects of the Syrian crisis in Syria and in neighbouring countries (Jordan, Lebanon) were duly addressed within the remits of our responsibilities; reform processes in Morocco (advanced status granted in 2008) and Tunisia supported; effective commitment in Palestine maintained; efforts to contribute to the stabilisation of Libya increased;
- AA/DCFTA negotiated with 4 countries in the Eastern neighbourhood (Georgia, Moldova, Armenia, Ukraine);
- Strategic Partnership with Russia: limited cooperation through Partnership for Modernisation;
- Regional programmes successfully put in place to foster democratic

processes, social development, economic integration and convergence with EU standards, territorial development, energy security, sustainable energy, transport and environmental protection;

- In the energy, transport and SMEs sectors a number of projects are channelled by the NIF.

#### Latin America, Caribbean, Asia, Central Asia, Gulf Region, Pacific

- Programming in line with the Agenda for Change: Reduction of numbers of sectors overall. Change in focal sectors for Latin America: less infrastructure, fewer countries with classical social sectors; but stronger focus on sectors such as SME support and energy. Significantly increased allocations to blending instruments (LAIF, CIF, AIF, IFCA – Central Asia).
- Overall successful management of difficult transition period, caused by phasing-out of EU development assistance in several countries and the significant reduction in human resources in EU Delegations in Latin America.
- Responsive to challenges regarding stability and crisis situation Yemen, Iraq, Afghanistan, Philippines.

### **Key conclusions on resource management and internal control effectiveness (executive summary on part 2 and 3)**

In accordance with the governance statement of the European Commission, DG EuropeAid conducts its operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting the expected high level of professional and ethical standards.

The Commission has adopted a set of internal control standards, based on international good practice, aimed to ensure the achievement of policy and operational objectives. As required by the Financial Regulation, the Director-General has put in place the organisational structure and the internal control systems suited to the achievement of the policy and control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which it operates.

DG EuropeAid has assessed the effectiveness of its key internal control systems during the reporting year and has concluded that the internal control standards are effectively implemented with the exception of standards 11 and 16, which are partially implemented. Measures to address minor implementation elements in standards 4 and 7 have been taken during 2013 (see Annex 11). Furthermore, DG EuropeAid has taken measures to further improve the efficiency of its internal control systems in the areas of awareness-raising, training, guides, the EAMRs and the quality of external audits as reported in Part 3.

In addition, DG EuropeAid has systematically examined the available control results and indicators, including those aimed to supervise entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by internal auditors and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives. Please refer to Part 2 for further details.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director General, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance, albeit qualified by a reservation concerning the legality and regularity of the underlying transactions.

### **Information to the Commissioner**

The main elements of this report and assurance declaration, including the reservation envisaged, have been brought to the attention of Commissioner Piebalgs, responsible for Development and Commissioner Füle, responsible for Enlargement and Neighbourhood Policy.

# 1. POLICY ACHIEVEMENTS

## 1.1 Achievement of general and specific objectives

Policy Areas 19 “External relations” and 21 “Development and relations with African, Caribbean and Pacific (ACP) States”- *General Objective 1 is implemented according to the plan.*

Policy Areas: 19 “External relations”, and 21 “Development and relations with African, Caribbean and Pacific (ACP) States”.			☑ Spending programme																																								
General Objective 1: Support the efforts of developing countries to eradicate poverty.																																											
Indicators	Target	Interim Milestone	Current situation																																								
<p><b>1. Millennium Development Goals progress indicators, especially those used to track MDG 1 (“eradicate extreme poverty and hunger”).</b></p>	<p>Achieve the Millennium Development Goals by 2015, and thereafter continue to support the global effort until poverty is eliminated completely.</p> <p>MDG 1 targets</p>	<p>The final UN Review of the Millennium Development Goals is likely to take place in the context of the foreseen post-2015 summit in September 2015.</p>	<div style="border: 2px solid orange; padding: 10px;"> <table border="1" style="margin-top: 10px;"> <caption>Poverty rate (% population)</caption> <thead> <tr> <th>Region</th> <th>1990</th> <th>2005</th> <th>2008</th> <th>2015p</th> </tr> </thead> <tbody> <tr> <td>East Asia &amp; Pacific</td> <td>1.9</td> <td>1.3</td> <td>0.5</td> <td>0.3</td> </tr> <tr> <td>of which is China</td> <td>5.8</td> <td>3.5</td> <td>2.7</td> <td>2.7</td> </tr> <tr> <td>South Asia</td> <td>12.2</td> <td>8.7</td> <td>6.5</td> <td>5.5</td> </tr> <tr> <td>Sub-Saharan Africa</td> <td>56.5</td> <td>52.3</td> <td>47.6</td> <td>41.2</td> </tr> <tr> <td>Latin America &amp; Caribbean</td> <td>53.8</td> <td>39.4</td> <td>36.0</td> <td>23.9</td> </tr> <tr> <td>Middle East &amp; North Africa</td> <td>60.2</td> <td>16.3</td> <td>13.1</td> <td>5.6*</td> </tr> <tr> <td>Europe &amp; Central Asia</td> <td>56.2</td> <td>16.8</td> <td>14.3</td> <td>7.7</td> </tr> </tbody> </table> <p style="text-align: right; font-size: small;">Source: European Report on Development 2013</p> </div> <p>The target to half the proportion of people living in extreme poverty has been achieved in 2010, five years ahead of the MDGs deadline. However much of this advancement reflects progress in China, whereas the situation looks different in particular for Sub-Saharan Africa which only saw an 8 percentage point decline of the poverty rate between 1990-2010 and the poverty level still remains high at 48</p>	Region	1990	2005	2008	2015p	East Asia & Pacific	1.9	1.3	0.5	0.3	of which is China	5.8	3.5	2.7	2.7	South Asia	12.2	8.7	6.5	5.5	Sub-Saharan Africa	56.5	52.3	47.6	41.2	Latin America & Caribbean	53.8	39.4	36.0	23.9	Middle East & North Africa	60.2	16.3	13.1	5.6*	Europe & Central Asia	56.2	16.8	14.3	7.7
Region	1990	2005	2008	2015p																																							
East Asia & Pacific	1.9	1.3	0.5	0.3																																							
of which is China	5.8	3.5	2.7	2.7																																							
South Asia	12.2	8.7	6.5	5.5																																							
Sub-Saharan Africa	56.5	52.3	47.6	41.2																																							
Latin America & Caribbean	53.8	39.4	36.0	23.9																																							
Middle East & North Africa	60.2	16.3	13.1	5.6*																																							
Europe & Central Asia	56.2	16.8	14.3	7.7																																							

			<p>% Progress in Southern Asia was faster, however, poverty remains widespread in this region as well.</p>
<p><b>2. EU levels of Official Development Assistance (ODA)</b></p>	<p>The EU's collective commitment is to increasing ODA to 0.7% of combined Gross National Income (GNI) by 2015.</p> <p>The EU also committed to collectively provide between 0.15 and 0.20% ODA/ GNI to the Least Developed Countries by 2010 (not met), to increase ODA to Sub-Saharan Africa (met) and to provide 50% of the ODA increase to Africa as a whole (not met).</p>	<p>Continued accountability through annual Commission reports on financing for development.</p> <p>Interim targets not met.</p> <p>Collective ODA level of 0.7% of GNI by 2015 and interim target of 0.56% by 2010, both accompanied by individual national targets. The EU Member States agreed to increase their ODA to 0.51% of GNI by 2010 while those countries which had already achieved higher levels (0.7% or above) promised to maintain these levels. The Member States that acceded to the EU in or after 2004 (EU12) promised to strive to spend 0.17% of their GNI on ODA by 2010 and 0.33% by 2015.</p>	<p>Not on track. Collective EU ODA has in 2012 gone down for a second consecutive year. According to projections by Member States and the European Commission, EU collective ODA will reach 0.43% of GNI by 2015 under a business-as-usual scenario, almost 40% below the 0.7% target. To reach the 0.7% target, EU and Member States would need to mobilise an extra €46.5 billion by 2015. The EU commitment to reach 0.7% was reconfirmed by the Council in December 2013. Only firm political and budgetary decisions by each Member State could ensure</p>

<sup>4</sup> Source: EC (COM(2011) 218 final) Enhancing EU Accountability on Financing for Development towards the EU Official Development Assistance Peer Review.

			the EU delivers.
--	--	--	------------------

**Policy Areas 19 “External relations” and 21 “Development and relations with African, Caribbean and Pacific (ACP) States”- General Objective 2 is implemented according to the plan, except for indicators 3 and 4 in relation to the Southern Neighbourhood Region.**

Policy Areas: 19 “External relations”, and 21 “Development and relations with African, Caribbean and Pacific (ACP) States”.			<input checked="" type="checkbox"/> Spending programme
General Objective 2: Promote human rights, democracy and other elements of good governance.			
Indicators	Target	Interim Milestone	Current situation
<b>1. Millennium Development Goals progress indicators, especially those used to track MDG 3 (“promote gender equality and empower women”).</b>	MDG 3 target.  Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.	The final UN Review of the Millennium Development Goals is likely to take place in the context of the foreseen post-2015 summit in September 2015.	<ul style="list-style-type: none"> <li>• Gender Parity Index in primary education: 0.98;</li> <li>• Gender Parity Index in secondary education: 0.96 (data from school year ending in 2011<sup>5</sup>);</li> <li>• Gender parity is closest to being achieved at the primary level; however, only 2 out of 130 countries have achieved that target at all levels of education (2011).</li> </ul>
<b>2. Respect of the essential elements regarding human rights, democratic principles and the rule of law, and the fundamental element regarding good governance in</b>	a) Maintenance or improvement of the essential and fundamental elements in 75 ACP countries through the use of Good Governance and Development Contracts (GGDC),	a) Regular policy and budget support dialogue having governance and human rights issues systematically on the agenda with one third of ACP countries by 2013.	<ul style="list-style-type: none"> <li>a) At the end of 2013, 112 BS programmes implemented or under preparation in 54 ACP countries including OCTs<sup>6</sup>.</li> <li>b) Democratic governance was addressed in all programming documents where such issues were included in view of the new programming period. This entailed an input on Democratic governance for more than 40 countries of</li> </ul>

<sup>5</sup> The data from school year 2011 are the latest. They have been published in the EFA Global Monitoring Report 2013/4 which was released in January 2014. This Report is DG EuropeAid’s source for most recent global data on education.

<sup>6</sup> In 2013, decisions were taken among which a new GGDC for Ghana (under the format of a rider to a GBS), 4 new SBC for Mali, CAR (agreement on SBC road map in March before the political crisis), South Sudan (in March) and Haiti and 2 assessments of fundamental values for GGDCs under the 11th EDF (Burkina-Faso and Tanzania).

<p><b>ACP countries (as laid down in Cotonou Article 9).</b></p>	<p>as well as through Budget Support (BS). b) Addressing democratic governance issues in programming documents for the new programming period 2014-2020.</p>	<p>b) Democratic governance indicators have impact on resource allocations for the programming period 2014-2020.</p>	<p>programming documents as of the end of 2013.</p>
<p><b>3. Number of neighbourhood countries above 40% average of the following World Bank Governance Indicators (from worst-0 to 100-best):</b></p> <ul style="list-style-type: none"> <li>• Voice and accountability</li> <li>• Government effectiveness</li> <li>• Rule of Law</li> <li>• Control of corruption</li> </ul>	<ul style="list-style-type: none"> <li>• 9/10 Neighbourhood South countries above 40%, of which 4 above 50% by 2020;</li> <li>• 5/6 Neighbourhood East countries above 40% by 2020.</li> </ul>	<ul style="list-style-type: none"> <li>• 6/10 Neighbourhood South countries above threshold of 40% by 2016;</li> <li>• 4/6 Neighbourhood East countries above 40% by 2016.</li> </ul>	<p><b>Neighbourhood South (latest available values 2012):</b></p> <ul style="list-style-type: none"> <li>• Voice and accountability: 2/10 above 40%</li> <li>• Government effectiveness: 5/10 above 40%</li> <li>• Rule of Law: 6/10 above 40%</li> <li>• Control of corruption: 4/10 above 40%</li> </ul> <p><b>Neighbourhood East (latest available values 2012):</b></p> <ul style="list-style-type: none"> <li>• Voice and accountability: 3/6 above 40%</li> <li>• Government effectiveness: 2/6 above 40%</li> <li>• Rule of law: 3/6 above 40%</li> <li>• Control of corruption: 1/6 above 40%</li> </ul>
<p><b>4. Number of Progress Reports (PR) for neighbourhood countries showing positive assessment in the relevant chapters for the reporting year (N-1).</b></p>	<p>Positive trend towards achievement of 100% target in all 16 Neighbourhood countries as defined in the European Neighbourhood Policy by 2020.</p>	<p>International conventions ratified. Positive assessment of elections. Positive assessment by independent bodies (NGOs and International organisations); Positive assessment by UN Universal Period Review.</p>	<p><b>Neighbourhood South:</b> <b>From a general point of view the assessments of the progress reports, in this chapter, were positive in: Jordan, Lebanon, Morocco, and Tunisia.</b></p> <ul style="list-style-type: none"> <li>• <b>Jordan:</b> Parliamentary and municipal elections transparent and credible. New anticorruption strategy 2013-2017.</li> <li>• <b>Lebanon:</b> Freedom of medias. Two draft laws to reorganise the Ministry of Justice and the High Judicial Council. Draft law proposing to limit the competences of Military Courts. Ratified UN Convention against Torture and the Operational Protocol. Death penalty moratorium confirmed. Strategy of administrative reform by the Ministry of State for Administrative Reform. (EU). Drafting Decentralisation law. Draft law on domestic violence. National Human Rights Action Plan.</li> <li>• <b>Morocco:</b> National Dialogue with Civil Society has been</li> </ul>



			<p>launched. Organic Law on Constitutional Court, National Chart for the reform of Justice. Organic Laws on magistrate's status and on the High Council of Justice. Law against corruption. Law on Access to information. The Human Rights National Council has been reinforced. The facultative protocol of the Convention against Torture has been adopted. Convention for the protection against forced disappearance has been ratified. Member of UN Human Rights Council.</p> <ul style="list-style-type: none"> <li>• <b>Tunisia:</b> National Dialogue in transition. New constitution and transition government. Freedom of assembly and media guaranteed. Strategic Plan for the reform of justice. New law on asylum and refugees rights. National organ for the prevention of torture.</li> </ul> <p><b>Neighbourhood East:</b></p> <ul style="list-style-type: none"> <li>• <b>Georgia</b> showed progress on most of the recommendations of the previous ENP progress report. <b>Armenia and Moldova</b> made progress on some aspects related to human rights and fundamental freedoms, but more needs to be done.</li> <li>• <b>Ukraine</b> presented a mixed picture of developments on deep and sustainable democracy.</li> <li>• In <b>Azerbaijan</b>, little progress could be registered on democratisation and human rights reform.</li> </ul>
<b>5. Level of cooperation and coordination on Budget support to Fragile States<sup>7</sup>.</b>	Enhanced cooperation and coordination: agreed concept paper with World Bank (WB), African Development Bank (AfDB)	Agreed coordinated policies put into place in pilot countries.	Although coordination is ensured in donor coordination meetings these contacts could have been more systematic.

<sup>7</sup> NB: Budget Support to fragile states is reactive to the local situation and the request of the states. The situation can change rapidly and is not fully in the hands of the Commission. Targets could be set for the increasing cooperation between institutions and donors and where possible on a case by case basis for certain countries.

Benchmarks for moving to budget support in view of improving aid effectiveness.	International Monetary Fund (IMF) and Member States as appropriate. The target is qualitative in the sense that for each (100%) State Building Contract (SBC) coordination and cooperation should be ensured.		
<p><b>6. Volume and share of EU aid to the countries most in need and where the EU can have a real impact, including fragile states, as follows:</b></p> <p>a) Ratio of aid disbursed in fragile vs non-fragile states;</p> <p>b) Share of budget support disbursed to fragile states versus the total amount of budget support disbursed;</p> <p>c) State-building contracts approved in 2013 (number and amounts) vs the total budget support approved (number and amounts);</p> <p>d) Share of funding disbursed for justice, governance and security in fragile states vs total funding disbursed in these sectors.</p>		According to the fragile states list endorsed by the management.	<p>a) Ratio of aid disbursed in fragile vs non-fragile states: 51%(2011) and 56%(2012) for fragile states<sup>8</sup>;</p> <p>b) 42% (2011);</p> <p>c) Number: 7 state building contracts ongoing;</p> <p>d) 46% (2011), 38% (2012).</p>
<b>7. Number of countries that have</b>	By 2015 there will be an increase of		In 2012, 80 percent of UN Member States had ratified four or

<sup>8</sup> The ratio is based on bilateral budget+ EDF disbursements in 57 countries (Annual report table 11, Part I ODA and Part II Non-ODA bilateral disbursements).

<p><b>ratified four or more of the seven UN human rights treaties.</b></p> <p><i>Defined by: Office of the High Commissioner for Human Rights (OHCHR)</i></p>	<p>the number of UN Member States having ratified four or more of the seven core human rights treaties.</p>		<p>more of the nine core human rights treaties. In 2013, there were 22 States having either ratified or signed one or more of the core treaties.</p>
---------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------	--	------------------------------------------------------------------------------------------------------------------------------------------------------

**Policy Areas 19 “External relations” and 21 “Development and relations with African, Caribbean and Pacific (ACP) States”- General Objective 3 is implemented according to the plan.**

Policy Areas: 19 “External relations”, and 21 “Development and relations with African, Caribbean and Pacific (ACP) States”.			☒ Spending programme
General Objective 3: Foster inclusive and sustainable growth for human development.			
Indicators	Target	Interim Milestone	Current situation
<p><b>1. Millennium Development Goals progress indicators, especially those used to track MDGs 1b, 2, 4, 5, 6, 7 and 8a.</b></p>	<p>MDG 1b targets full and productive employment and decent work for all, MDG 2 targets primary level schooling, MDG 4 aims to reduce the under-five mortality rate, and MDG 5 the maternal mortality rate, achieving</p>	<p>The final UN Review of the Millennium Development Goals is likely to take place in the context of the foreseen post-2015 summit in September 2015.</p>	<ul style="list-style-type: none"> <li>• <b>MDG1b:</b> The average employment-to-population (EPR) ratio for developing regions from 2007 to 2012, experienced a decline of 0.9 percentage point. Within this group, the largest declines were found in Southern Asia and Eastern Asia, which saw drops in the employment-to-population ratio of 2.1 and 1.5 percentage points respectively. During 2012, global economic growth slowed even further, substantially weakening the employment generating capacity of national economies. In 2013, the global employment situation has worsened. Almost 202 million people were unemployed in 2013 around the world, an increase of almost 5 million compared with 2012. At global level, this is the consequence of an uneven economic recovery, and the fact that employment opportunities do not increase enough to absorb the growing labour force. This affects young people in particular, and it is now estimated that some 74.5 million young people – aged 15–24 – were unemployed in 2013, almost 1 million more than in 2012.</li> </ul>

	<p>universal access to reproductive health services by 2015. MDG 6 aims to halt and begin to reverse the spread of HIV/AIDS and malaria.</p> <p>MDG 7 aims to reduce biodiversity loss, and to halve the proportion of people without sustainable access to safe drinking water and basic sanitation</p> <p>MDG 8a covers the development of an open, rule-based, predictable and non-discriminatory trading and financial system.</p>		<ul style="list-style-type: none"> <li>• <b>MDG2:</b> Primary school enrolments was 90 % (2011) and completion was 73% in 2010 (latest data available). (Survival rate to last grade is used as a proxy for completion).</li> <li>• <b>MDG4:</b> Worldwide, the mortality rate for children under five dropped by 41%—from 87 deaths per 1,000 live births in 1990 to 51 in 2011. Despite this enormous accomplishment, more rapid progress is still needed to meet the 2015 target of a two thirds reduction in child deaths<sup>9</sup>.</li> <li>• <b>MDG5:</b> Globally, the maternal mortality ratio declined by 47% the past two decades, from 400 maternal deaths per 100,000 live births in 1990 to 210 in 2010<sup>10</sup>. Worldwide, the number of people newly infected with HIV continues to fall, dropping 21% from 2001 to 2011<sup>11</sup>.</li> <li>• <b>MDG6:</b> Remarkable gains have been made in the fight against malaria and tuberculosis. Between 2000 and 2010, mortality rates from malaria fell by more than 25% globally. Death rates from tuberculosis at the global level and in several regions are likely to be halved by 2015, compared to 1990 levels<sup>12</sup>.</li> <li>• <b>MDG7:</b> The proportion of people without access to improved sources of water was halved by 2010 – 5 years ahead of schedule. But 768 million people, or 11% of the global population, remain without access to drinkable water. Access to improved sanitation increased from 49% in 1990 to 64% in 2011 worldwide – yet 2.5 billion people are still not reached, and some 1.7 million people, 90% under the age of five, die each year due to unsafe water and sanitation. From 2004 to 2009, 70.2 million people received access to drinking water and 25,5 million to sanitation facilities. An additional 33 million people gained access to drinking water and 13,8 million to sanitation facilities in the period 2010 – 2013.</li> </ul> <p>The EU Development Cooperation has contributed for years to reducing biodiversity loss by investing in ecosystem conservation, in particular through supporting protected areas (PA) management in developing countries. At the global level, UNEP-WCMC monitors the evolution of protected areas and provides data to the MDG annual report for Goal 7. Statistics show a significant increase of the coverage of protected areas from 1990 to 2012, in terms of percentage of surface with regard to countries' territories.</p> <p>The action of the EU partly, indirectly contributed to this increase, although its most likely impacts are rather to be assessed in terms of consolidation and strengthening of the existing PA management.</p> <p>On the other hand, despite the encouraging increase of PA coverage, more than a third of assessed species are endangered or facing extinction and an estimated 60% of the Earth's ecosystems have been degraded</p>
--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<sup>9</sup> MDG report 2013, UN.

<sup>10</sup> MDG report 2013, UN.

<sup>11</sup> MDG report 2013, UN.

<sup>12</sup> MDG report 2013, UN.

			<p>in the last 50 years. Steady trends to further loss are confirmed by Indicators like IUCN's Red List Index and WWF's Living Planet Index.</p> <p>CBD Strategic Plan 2011-2020 and its Aichi Target, as well as the EU Biodiversity Strategy to 2020, intend to address this failure and approach the challenge of biodiversity loss on a more holistic way. EU biodiversity-related Development Cooperation has been re-steered accordingly, through the launching of its "Biodiversity for Life" flagship initiative.</p> <ul style="list-style-type: none"> <li>• <b>MDG8:</b> The trade climate continues to improve for developing and least developed countries in terms of duty-free access. Average tariffs levied by developed countries continued to decline slightly for developing and least developed countries alike.</li> </ul> <p>As a result of an in-depth review carried out by the Commission, including an independent study, public consultation and an Impact Assessment, the EU decided in 2012 to change its Generalised System of Preferences (GSP).</p> <p>The review highlighted three key objectives for the GSP reform: better focus on countries in need; further promote core principles of sustainable development and good governance; enhance stability and predictability. 2013 has been a year of transition to adapt to the new rules which came into force as of 1 January 2014.</p>
<p><b>2. Inequality-Adjusted Human Development Index (2011 values from 0.172-lowest to 0.890-highest)</b></p> <ul style="list-style-type: none"> <li>• Very high: 0.787</li> <li>• High: 0.590</li> <li>• Medium: 0.480</li> <li>• Low: 0.304</li> </ul>	<ul style="list-style-type: none"> <li>• 4/10 Neighbourhood South countries equal or above 0.590 by 2020;</li> <li>• 5/6 Neighbourhood East countries equal or above 0.655 by 2020.</li> </ul>	<ul style="list-style-type: none"> <li>• 2/10 Neighbourhood South countries equal or above 0.590 in 2016;</li> <li>• 4/6 Neighbourhood East countries equal or above 0.655 in 2016.</li> </ul>	<ul style="list-style-type: none"> <li>• 1/10 Neighbourhood South countries above 0.590 in 2013. 4/10 countries no figures available.</li> <li>• 2/6 Neighbourhood East countries above 0.655 in 2013. 4/6 countries between 0,584 and 0.631.</li> </ul>
<p><b>3. Number of Progress Reports (PR) showing positive assessment in the relevant chapters for the reporting year (N-1).</b></p>	<p>Positive trend towards achievement of 100% target in all 16 Neighbourhood countries as defined in the European Neighbourhood Policy by 2020.</p>	<p>Progress on Association Agreement Negotiations and DCFTA Negotiations.</p>	<p><b>Neighbourhood South:</b></p> <p>From a general point of view the assessments of the progress reports, in this chapter, were positive in: Jordan, Lebanon, Morocco, and Tunisia.</p> <ul style="list-style-type: none"> <li>• <b>Jordan:</b> implementation of the National Employment Strategy (EU) 2012-2020. Measures adopted for women employment. Poverty Reduction Strategy 2013-2020 launched. Social Security Corporation Strategic Plan 2012-2016 (EU) launched. MDG: education: gender equality achieved; primary education enrolment 91%. National qualification VET framework established. Construction of new schools. Involvement in Erasmus Mundus and Tempus. National Strategy</li> </ul>

			<p>on reproductive health.</p> <ul style="list-style-type: none"> <li>• <b>Lebanon:</b> National Poverty Targeting Programme is being implemented with WB. 92% primary education enrolment; gender parity achieved. Progress in the Lebanese Education Sector Development Plan (compulsory education<sup>15</sup>, equipment, teachers' standards, etc.). Implementation of Lebanon's Educational Technology Strategic Plan. 51% high education enrolment; draft law on Higher Education. Involvement in Tempus and Erasmus mundus.</li> <li>• <b>Morocco:</b> Cohesion fund. Maintained, HDI Promotion Programme launched. Education sector improvement: primary school enrolment 98%. Improvements in parity rates. Law against illiteracy. New Vocational training Strategy negotiated. New health strategy 2013-2016. New programme for universal healthcare insurance. New National health charter.</li> <li>• <b>Tunisia:</b> new employment and vocational training strategy. Reform of health sector.</li> </ul> <p><b>Neighbourhood East:</b></p> <ul style="list-style-type: none"> <li>• Progress reports on Armenia and Moldova positively assess the economic situation.</li> <li>• Progress has been registered in Azerbaijan, but further efforts are needed.</li> <li>• Slow economic growth in Georgia and weak economic performance in Ukraine.</li> </ul>
<p><b>4. Number of countries agreeing to join the principles of the SE4ALL initiative and to undertake necessary reforms in the energy sector to facilitate increased private sector participation.</b></p>	<p>By 2020 all priority countries for Commission action under SE4All have benefitted from Technical Assistance (TA) and are implementing reforms.</p>	<p>TA provided and reform process ongoing in 12 priority countries by 2015.</p>	<p>Thus far 83 countries have illustrated commitment towards SE4All (i.e. opt-in countries) by way of providing opt-in letters outlining willingness of engagement.</p> <p>More than 25 countries have selected energy as a priority sector for cooperation within the context of negotiations and programming for the next multiannual financial framework. Furthermore, energy activities in additional countries are also envisioned within the context of regional programming initiatives. Such initiatives are currently operated through regional blending facilities which provide ongoing support to specific global regions (EU-Africa Infrastructure Trust Fund, Neighbourhood Investment Facility, Asia Investment Facility, etc.).</p>

**Policy Areas 19 “External relations” and 21 “Development and relations with African, Caribbean and Pacific (ACP) States”- General objective 4 is implemented according to the plan.**

Policy Area: 19 “External relations” and 21 “Development and relations with African, Caribbean and Pacific (ACP) States”			
☑ Spending programme			
General Objective 4: Promote an international development framework based on enhanced multilateral cooperation and global governance			
Indicators	Target	Interim Milestone	Current situation
<b>1. Millennium Development Goals progress indicators, especially those used to track MDG 8.</b>	ODA targets: see above- General Objective 1, indicator 2.  Market access: target not quantified.	Next UN Review of the Millennium Development Goals to be held in autumn of 2013.  The EU is actively involved in the discussions on a new agenda post 2015.	The participants, including the European Union, at the 2010 UN Summit on the MDGs reaffirmed their commitments to work together to achieve the MDGs.  For the latest results on total ODA and ODA share to LDCs see Objective 1 - Indicator 2 of the present document.  Market Access: EBA share for LDCs is 100% since 2009.
<b>2. Number of countries applying EU coordinated approach.</b>	As from 01/01/2013 (entry into force of the new guidelines), 100% of new EU budget support contracts are concluded in coherence with principles of COM 2011/ 638.	Latest known result: 2013- 100% of all BS operations are concluded in coherence with the guidelines.  This is a new initiative implementing the Communication on Budget Support (COM 2011/ 638). New guidelines applicable as from 01/01/2013.  Possible milestones include: <ul style="list-style-type: none"> <li>• shared initial assessment of the commitment of the partner country to the EU fundamental values;</li> <li>• shared (where relevant) diagnostics and assessments of eligibility conditions;</li> <li>• harmonised risk assessment tools (as far as possible) and promotion of coordinated dialogue on mitigating actions;</li> <li>• harmonised results frameworks;</li> <li>• joint assessments at country level and regular joint evaluations of budget support operations;</li> <li>• a high level of expertise for effective policy dialogue with the partner countries, including the use of delegated cooperation and transfer arrangements;</li> <li>• joint engagement in high level political dialogue, including the monitoring of fundamental values and the</li> </ul>	

		<p>appropriateness of pursuing the good governance contract;</p> <ul style="list-style-type: none"><li>• joint communications to local stakeholders of disbursements made and the compliance with disbursement conditions.</li></ul> <p><i>NB: On the basis of the new Commission policy and the recently approved guidelines the possible milestones expressed in the Management Plan 2013 will be tightened down in technical meetings with Member States and international institutions.</i></p>
--	--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



**ACTIVITY 21 06 “GEOGRAPHICAL COOPERATION WITH AFRICAN, CARIBBEAN AND PACIFIC (ACP) STATES” - Specific Objective 1 is implemented according to the plan (Spending programmes DCI<sup>13</sup> and EDF<sup>14</sup>).**

Specific Objective 1: Poverty alleviation and sustainable development including management of environment and natural resources in ACP countries.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target 2015 (long-term)	Current situation (as achieved)
<b>EDF COUNTRIES</b> Progress on Millennium Development Goals (MDGs) targeted by country strategy papers	13 countries should start to show progress on relevant MDGs  23 Sub-Saharan countries should continue to show progress on relevant MDGs;  9 countries on track (2 Sub-Saharan countries)	Starting to show progress: Africa: 6 <sup>15</sup> , Pacific:5  Improving: Caribbean: 2 <sup>16</sup> , Pacific:3  On track: Africa:18 <sup>17</sup> , Pacific:3  Off track: Africa: 5 <sup>18</sup> , Caribbean: 2 <sup>19</sup> , Pacific:4  Target achieved: Caribbean:2 <sup>20</sup>  <i>Source: Worldbank, UNDP; Data not available for all ACP countries</i>
<b>SOUTH AFRICA</b> Progress on Millennium Development Goals (MDGs)	Achieve MDGs 1, 2, 3, 6, 7 and 8 Achieve 70% of targets for MDGs 4 & 5.  Halve ratio of population living below the poverty line (reach ratio of 5.7% of population living on less than 1 USD/day compared to 1990 baseline of 11%)	Overall South Africa has advanced in meeting the MDGs, especially in relation to poverty reduction (MDG 1) (although on domestic measurements around half the population is classified as poor) and education (MDG 2). Progress on health/HIV (MDG 4, 5, 6) is still very much lagging behind, mainly due to the HIV-AIDS pandemic (with an estimated of 0.7% of the world's population, South Africa has around 17% of HIV/AIDS population). Progress on gender equality has been satisfactory (MDG 3). The continued modest growth rates and the high levels of unemployment without remedial action can be expected to hamper the pace of improvement of the MDGs in the future.
<b>Main policy outputs 2013</b>		

<sup>13</sup> Development Cooperation Instrument.

<sup>14</sup> European Development Fund.

<sup>15</sup> Côte d'Ivoire, Guinea Bissau, Nigeria, Togo, Rwanda, Malawi.

<sup>16</sup> Guyana, Suriname.

<sup>17</sup> Burkina Faso, Cameroon, Gabon, The Gambia, Ghana, Guinea, Mali, Niger, Senegal, Cap Verde, Botswana, Ethiopia, Kenya, Uganda, Mozambique, Lesotho, Swaziland and Namibia.

<sup>18</sup> Angola, Comoros, Madagascar, Zambia and Tanzania.

<sup>19</sup> Haiti, Belize.

<sup>20</sup> Dominican Republic, Jamaica.

**Africa:**

EU Budget Support programmes bolstered implementation of the national poverty reduction strategies as well as public finance management reforms. The Commission put in place a number of budget support programmes in 2013 and in doing so made full use of the range of budget support instruments foreseen in the new Budget Support Guidelines. Overall commitments amounted to €660.3 million with payments amounting to €643.9 million. Payments were considerably below potential owing to the suspension of disbursements where conditions were not met. In a number of countries programmes were interrupted due to issues surrounding the macroeconomic framework (Zambia and Mozambique) and corruption (Malawi and Uganda).

Within these Budget Support programmes an 'MDG initiative' was implemented during 2013, with the aim to support countries towards attaining the MDGs where they were lagging behind. Main sectors included health, water and sanitation, and food security and nutrition.

Furthermore, under the entire 10<sup>th</sup> EDF key focal sectors such as: health, transport and infrastructure, water and sanitation and various types of Budget Support, contributed to reducing poverty as well as to the other MDGs.

The Commission continued to support reforms for improved public financial management (PFM). This entailed the formal assessment of PFM systems through the PEFA framework in 4 countries and the continuous assessment of performance for all countries receiving budget support through the detailed reporting set out in the Budget Support Guidelines. These reports provide solid evidence of the important role played by the Commission in pursuing dialogue and fostering reforms in this critical area. At the same time, however, a general concern emerging in the region is the integrity of IT-based financial management systems; in both Uganda and Malawi the corruption cases that were revealed during the course of the year highlighted weaknesses in the application of the Integrated Financial Management and Information Systems (IFMIS). In addition, the IFMIS systems in Lesotho and Zambia were also a source of concern, albeit of a less serious nature.

In the area of support to fragile states, the Commission explored the possibilities of providing State Building Contracts in Somalia and South Sudan. In Somalia this proved to be premature but the work undertaken has provided a good basis for framing support to key institutions such as the Central Bank and Finance Ministry. Moreover, the event hosted by the EU in September 2013 to promote the re-engagement of International Financial Institutions in Somalia has also provided impetus to moving towards debt relief for the country and broader engagement with the IMF and World Bank. In South Sudan meanwhile the Commission moved ahead with the signature of a Financing Agreement for a State Building Contract. It was not possible to make a first disbursement, however, as the country failed to meet the key prior action on exchange rate liberalisation which formed part of the IMF programme.

**South Africa:**

In 2013, the Commission finalised the negotiations with Council and Parliament on the 2014-2020 MFF (in particular, the eligibility of SA to DCI bilateral cooperation and its financial allocation).

Finalisation of the Country MIP with SA counterparts that will be submitted for Commission decision in the course of 2014, after Strategic Dialogue with EP, ISC and comitology/scrutiny.

**Caribbean:**

All new programmes adopted in 2013 contribute to poverty reduction in the Caribbean. Total new commitments exceeded €385 million, many of them EU budget support programmes supporting the implementation of national sector or poverty reduction strategies, as well as public finance management reforms.

The Caribbean also drew attention in 2013 to the growing negative impact that climate change will continue to play on sustainable human development across the region. Several countries have already engaged in climate change adaptation and green economy processes putting measures in place to build resilience to the threats that climate change possess to small states.

**Pacific:**

All funds for the 10<sup>th</sup> EDF were timely committed in 2013. Initial allocations for the 11<sup>th</sup> EDF were provided in 2013

and draft CSPs were submitted for nine Pacific island countries.

Finalisation of the 10<sup>th</sup> EDF performance culminated with a 2000-2013 ROM Monitoring exercise and the drafting of an evaluation report covering the Pacific brief, with final reports expected in the beginning of 2014. The drafts feed into the 11<sup>th</sup> EDF planning together with initial joint EuropeAid/EEAS assessments.

The Commission was preparing a draft implementation regulation for the 11<sup>th</sup> EDF, which will be also negotiated with Member States in 2014.

Main expenditure-related outputs 2013	Number of projects	€ million
<b>Budget</b>		
Programmes supporting economic growth and employment creation in South Africa <ul style="list-style-type: none"> <li>Key outputs include: improved regulatory environment, and new financial conduits (venture capital, microfinance) for SMEs.</li> </ul>	7	76.2
Capacity development for service delivery and social cohesion in South Africa <ul style="list-style-type: none"> <li>Key outputs include: Improved planning, monitoring and evaluation systems and strengthened Public Finance Management and accountability in the three tiers of Government.</li> </ul>	3	44.5
<b>EDF – Africa</b>		
New commitments on 10 <sup>th</sup> EDF funds	Projects: 160 Riders: 47	2657.8
Number of Annual Action Programmes (AAPs)	70	1515.4
<b>EDF – Pacific</b>		
Number of AAPs (including riders / top up following the 2011 mid-term review (MTR))	32	245.4
<b>EDF – Caribbean</b>		
New commitments on 10 <sup>th</sup> EDF funds	29	325
Number of AAPs	12	325

**ACTIVITY 21 06 “GEOGRAPHICAL COOPERATION WITH AFRICAN, CARIBBEAN AND PACIFIC (ACP STATES)” - Specific Objective 2 is implemented according to the plan (Spending programmes DCI and EDF).**

Specific Objective 2: Integration of ACP countries into the world economy through economic development, trade and regional integration		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>Full and comprehensive Economic Partnership Agreements (EPA) signed.</b>	Increase of the number of countries signatories of comprehensive regional EPAs.	<b>Africa:</b> DG EuropeAid continued the contacts with EEAS and DG TRADE as well as with Economic Community Of West African States (ECOWAS) and West African Economic and Monetary Union (WAEMU) officials in preparation of a new negotiation round, notably in relation with West Africa's EPA Development Programme (EPADP). Remarkable progress in the implementation of the EU-ESA Interim EPA by the 4 signatory countries (Madagascar, Mauritius, Seychelles and Zimbabwe) was noticed. Moreover, progress has been

		<p>achieved in the negotiations of the EAC and Southern African Development Community (SADC) EPAs which will be likely concluded in 2014. As a matter of fact the region has adopted a number of measures to favour regional integration, such as new rules on Non-Tariff Barriers (NTBs), under the aegis of Common Market for Eastern and Southern Africa (COMESA), SADC and the EAC and through 10<sup>th</sup> EDF support.</p> <p><b>Caribbean:</b> The Caribbean EPA was signed on 15/10/2008. Five years after the EPA coming into effect, many of the CARIFORUM commitments are starting to kick in gradually. The implementation period has seen the establishment of the institutions under the agreement, the adoption of rules of procedure, and the identification of contact points. Some shortcomings have also been identified, especially in regards to compliance with tariff reduction. Simultaneously, the awareness of opportunities offered under the EPA is still limited. This is evident particularly in the private sector, but also with government and administration.</p> <p><b>Pacific:</b> A 2013 regional project, aimed at strengthening Pacific economic integration through trade led to trade legislation reviews in Palau, the Federated States of Micronesia and Tuvalu, and to technical support for World Trade Organisations (WTO) engagement and trade negotiations.</p>
<p><b>Accompanying Measures for Sugar Protocol countries (AMSP)</b></p> <p><b>(i) Increased competitiveness: Reduction in sugar production costs</b></p> <p><b>(ii) Diversification strategy: Reduction in GDP share of sugar sector in countries previously highly dependent on sugar</b></p> <p><b>(iii) Status of multiannual programming</b></p>	<p>(i) Reduction by 2013 of sugar production costs in countries where competitiveness is a central objective of the national adaptation strategy.</p> <p>(ii) By 2013, the GDP share of the sugar sector has decreased in AMSP countries where diversification is a central objective of the national adaptation strategy</p> <p>(iii) Countries assisted in restructuring the sugar industry (Barbados) and diversifying their production (Ivory Coast, Ghana, Cameroon, Jamaica, St. Kitts &amp; Nevis, Barbados, Trinidad and Tobago, Fiji)</p>	<p>Overall budget for ACP countries: €1,183 million (EU Budget) Legal Basis: article 17 DCI regulation (2007-13)</p> <p>Beneficiary countries <b>Africa</b>: Democratic Republic of Congo, Ivory Coast, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.</p> <p>Beneficiary countries in the <b>Caribbean</b> region are: Barbados, Saint Kitts &amp; Nevis, Trinidad &amp; Tobago, Belize, Guyana and Jamaica. Out of these 6 countries 3 opted for a strategy of economic diversification (Barbados, Saint Kitts &amp; Nevis, and Trinidad &amp; Tobago), and 3 opted for improving competitiveness (Belize, Guyana and Jamaica). One beneficiary country in Pacific: Fiji.</p> <p>8 AAPs for 2013 approved (Madagascar, Mauritius, Barbados, Belize, Guyana, Jamaica and St Kitts and Nevis) with a total allocation of €177 million.</p>



Accompanying Measures for Sugar Protocol Countries (AMSP)	Caribbean: 5 Sub-Saharan: 2 Pacific:1	Total: 177
Banana Accompanying Measures (BAM)	Caribbean: 1 (Belize) Sub-Saharan: 2 (Côte d'Ivoire, Cameroon)	Total : 23.5
South Africa	6	4.5
<b>EDF - Africa</b>		
Commitments on Regional Indicative Programmes		653.7
Commitments on intra-ACP envelope		472
<b>EDF – Caribbean</b>		
Commitments on Regional Indicative Programmes	5	30.6
<b>EDF - Pacific</b>		
Commitments on Regional Indicative Programmes	5 <sup>22</sup>	48.5

**ACTIVITY 21 06 “GEOGRAPHICAL COOPERATION WITH AFRICAN, CARIBBEAN AND PACIFIC (ACP) STATES”- Specific Objective 3 is implemented according to the plan (Spending programmes DCI and EDF).**

Specific Objective 3: Work for stability and democracy through promoting peace, security, the respect of human rights, the rule of law, and the principles of good governance in the ACP States.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>Peace and security</b>		

<sup>22</sup> Also accounted for under Specific Objective 1.

<p><b>Number of successful African Peace Facility (APF) supported interventions.</b></p>	<p>Support targeted African continental and Regional Peace and Security initiatives that address:</p> <ul style="list-style-type: none"> <li>• Conflict prevention</li> <li>• Conflict Management</li> <li>• Conflict Resolution</li> <li>• Peace consolidation and post-conflict stabilisation including support for the operationalisation of the APSA</li> </ul>	<p>The year 2013 has been a very active year with a considerable support for the African-led peace support operations AMISOM in Somalia, MICOPAX in the Central African Republic and AFISMA in Mali.</p> <p>An important portfolio of capacity building programmes are being implemented, aiming at operationalisation of APSA and under the APF's Early Response Mechanism immediate financial support has been provided for a number of activities related to urgent mediation and preventive diplomacy (Somalia, Mali, Sudan, Sahel, Great Lakes region, etc.).</p> <p>The implementing environment has not been conducive to solid, long-term capacity building using APF resources. The main reason is very weak institutional capacities of AU &amp; RECs and limited ownership of APSA by African states.</p> <p>There is a need for increased synergy between EU instruments and programme-level monitoring of and technical support for APF activities. Devolution of some implementation activities should be looked into.</p>
<p><b>Governance</b></p>		
<p><b>Countries where progress is observed in terms of fulfilment of governance commitments (including freedom of media).</b></p>	<p>Regular policy dialogue with signatories of the Cotonou Agreement</p>	<p><b>Africa:</b> The Mo Ibrahim index (2013) shows clear results in governance since 2000 in several African Countries, including countries like Liberia, Sierra Leone, Rwanda, Burundi, Angola and Zambia.</p> <p>Source: <a href="http://www.moibrahimfoundation.org/interact/">www.moibrahimfoundation.org/interact/</a></p> <p><b>Caribbean:</b> Overall, Caribbean countries have shown good progress with regards to governance commitments, both in terms of democratic as well as economic governance. The 2103 World Press Freedom Index includes 6 Caribbean states in the total list of 180 countries worldwide. The rankings of the Caribbean states are as follows: Jamaica 13, Belize 31; Trinidad and Tobago 44, Haiti 49 and Guyana 69 and Dominican Republic 80.</p> <p>Source: Reporters without Borders</p> <p><b>Pacific:</b> In Fiji in 2013, the EU supported the democratisation process through civic education and support to elections and the Parliament.</p>
<p><b>Human rights and Democracy</b></p>		
<p><b>Number of Art. 96 cases (breach of essential elements: human rights, democratic principles and rule of law, as laid down in Cotonou Art.</b></p>	<p>(i) Continued dialogue with countries under Art. 96</p> <p>(ii) Where appropriate, open consultations with other countries in breach of essential</p>	<p>Appropriate Measures under Article 96 of the Cotonou Agreement have been applicable to: Guinea, Guinea Bissau, Zimbabwe, Madagascar and Fiji.</p> <ul style="list-style-type: none"> <li>• In Guinea, the organisation of peaceful and inclusive legislative elections on 28 September 2013 have led to the lifting of the appropriate measures under Article 96 adopted in 2009 by the Council of the EU, and thus to the</li> </ul>

9).	elements	<p>full resumption of EU cooperation. The total amount of the 10<sup>th</sup> EDF National Indicative Programme (€174.3 million) has been committed before the end of the year.</p> <ul style="list-style-type: none"> <li>• The Council Decision 2013/385/EU of 15/07/2013 renewed for 1 year Article 96 measures in Guinea-Bissau</li> <li>• In the case of Zimbabwe, the appropriate measures were maintained, but their application suspended, which enabled the Commission services to launch the 11<sup>th</sup> EDF programming exercise. The appropriate measures are currently being reviewed and a Council Decision in this respect is expected in February 2014.</li> <li>• Due to the unconstitutional change of March 2009, EU relations with Madagascar in the field of development cooperation are subject to EU Council decisions under Article 96 of Cotonou Agreement. The Council Decisions allow the financing of projects directly benefitting the population of Madagascar.</li> <li>• Fiji remains under Article 96. In the run up to elections in September 2014 the EU has maintained its dialogue with Fiji to support the organisation of free and fair elections and the consolidation of the democratisation process.</li> </ul>
<b>Budget support</b>		
1. <b>Use of budget support &amp; other financing instruments based on the use of country systems.</b>	<p><b>Overarching target</b></p> <p>Stabilised macro-economic framework and improved Public Financial Management</p> <p>1) Where appropriate, put in place budget support programmes, either as general budget support (Good Governance and Development Contracts or State Building Contracts) or as sector budget support.</p> <p>2) Continued focus on MDG contracts for more predictable aid.</p>	<p><b>Africa</b></p> <ol style="list-style-type: none"> <li>1. New budget support commitments of €660 million were made in 2013 out of which €54 million through GBS, €85 million through CBGD, €370 million through State Building Contract and €151 million through sector budget support</li> <li>2. In total, €184.6 million were disbursed for the MDG contract in Rwanda, Burkina Faso, Tanzania and Mozambique. No disbursements were made in Ghana because important issues were raised regarding macroeconomic and PFM issues. Significant issues with the basic conditions of the programme prevented disbursements being made for the MDG contracts in Uganda (PFM and corruption) and Zambia (macroeconomic framework).</li> </ol> <p><b>Caribbean:</b> With the exception of Haiti (state building contract) all new budget support programmes adopted in 2013 were sector reform contracts. 6 Caribbean countries and one OCT benefited from new BS support decisions in 2013 both under EDF and budget (sugar accompanying measures).</p> <p><b>Pacific:</b> 8 Pacific countries and OCTs benefit from budget support.</p>
2. <b>Public Expenditure and Financial Accountability (PEFA) assessments carried out.</b>	Strengthened dialogue between development partners and governments; tools to monitor progress in	<p><b>Africa:</b> A total of 22 PEFA assessments were carried out at national and subnational level.</p> <p><b>Pacific:</b></p>



	Public Finance Management in place.	<p>On-going PEFA in 2012: Fiji, Solomon Islands, Palau. A second EU contribution to the Pacific Financial Technical Assistance Centre (PFTAC/IMF) decided in 2012 will enable further reinforcing of local capacities in macro-economic policies and PFM.</p> <p><b>Caribbean:</b> Dialogue on PFM in general and PEFA in particular is a continuous process in all Caribbean states, mostly in the context of budget support operations. In 2012, PEFA assessments had been carried out in Jamaica, Haiti and the Dominican Republic. In 2013, a new PEFA assessment was launched in Guyana, and preparations for new PEFA assessments in Anguilla and Grenada, to be undertaken in 2014.</p>
3. <b>Support to fragile countries through Budget support.</b>	Quick and flexible response tailored to the needs of countries in fragile situation.	<p><b>Africa:</b> 6 in 2013: 2 new SBC were approved in Mali, Togo and 4 other SBC were approved in 2012 (Sierra Leone, Côte d'Ivoire, Burundi and Mauritania). Prospects for a State Building Contract actively explored during missions to South Sudan and Somalia. Programme for South Sudan committed for an amount of €85 million but no disbursement made due to failure to meet prior conditions.</p> <p><b>Caribbean</b> Haiti is the single fragile country in the Caribbean. A new State Building Contract for €112 million has been adopted in December 2013.</p>

**ACTIVITY 19 08 “EUROPEAN NEIGHBOURHOOD POLICY AND RELATIONS WITH RUSSIA” – *Specific Objective 1 is implemented according to the plan for the East, not for the South (Spending programme ENPI<sup>23</sup>).***

<b>Specific Objective 1: Furthering the conditions for close co-operation between the EU and its neighbours and for regional and multilateral integration.</b>		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>Number of comprehensive agreements and individual ENP Action Plans in place with interested neighbouring countries.</b>	16 Association or similarly comprehensive Agreements in force and 16 Action Plans or similar documents adopted by 2013.	<p><b>Neighbourhood South:</b></p> <ul style="list-style-type: none"> <li>• <b>Algeria:</b> Action Plan (AP) first negotiation round in Algiers (13 October).</li> <li>• <b>Egypt:</b> Association Agreement: the dialogue meetings have been postponed with one exception which was the Association Committee in February 2013. Action Plan: no specific progress in 2013, AP already extended twice.</li> <li>• <b>Israel:</b> Association Agreement has been on hold since</li> </ul>

<sup>23</sup> European Neighbourhood Partnership Instrument.

	<p><i>NB: This level of target comes from the objectives of European Neighbourhood Policy and takes into account the 16 Neighbourhood countries (10 in the South and 6 in the East).</i></p>	<p>December 2012. Progress was made in several areas of the Action Plan.</p> <ul style="list-style-type: none"> <li>• <b>Jordan:</b> Action Plan signed in 2012, valid till 2017.</li> <li>• <b>Lebanon:</b> Association Agreement since May 2006, Action Plan 2013-2015 was adopted in December 2013.</li> <li>• <b>Libya:</b> on-going discussions for a possible launch of negotiations</li> <li>• <b>Morocco:</b> Action Plan adopted at the Association Council of December 2013.</li> <li>• <b>Palestine:</b> Joint Action Plan was adopted in early 2013</li> <li>• <b>Syria:</b> Negotiations on an Association Agreement were frozen in May 2011, while bilateral cooperation programmes under the ENPI have been suspended.</li> <li>• <b>Tunisia:</b> action plan in place since end of 2012.</li> </ul> <p><b>Neighbourhood East:</b></p> <ul style="list-style-type: none"> <li>• 5 Partnership and Cooperation Agreements in force, and 3 Association Agreements initialled with <b>Georgia, Moldova and Ukraine.</b></li> <li>• 4 Action Plans and one Association Agenda (<b>Ukraine</b>) in force in the ENP East.</li> </ul>
<p><b>Results of implementation of the Cross Border Cooperation (CBC) programmes.</b></p>	<p>All CBC programmes adopted and fully implemented by the end of 2015.</p>	<p>All programmes are being implemented according to plan: all programmes finalised the contracting by the end of 2013, almost 900 projects are ongoing.</p>

#### Main policy outputs 2013

1. Adoption of **ENP Package 2014** on progress in the implementation of the New Neighbourhood Policy, the Eastern Partnership and the Partnership for Democracy and Shared Prosperity planned for March 2014.
2. Relations with partners were further deepened, in particular with **Algeria, Egypt, Israel, Libya, Republic of Moldova, Ukraine, Armenia, Azerbaijan, Georgia** through negotiation and review of Action Plans or similar agreements of the relevant ENP partner countries; In the case of Egypt following the ousting of Mohamed Morsi from the Presidential office in July 2013 and the violence that followed, close follow-up of the political and HR situation in the country as well as of the implementation of the Roadmap.
3. Discussions have started in view of a possible launch of negotiations in view of a **Comprehensive Agreement with Libya**. A second study visit from 15 Libyan officials took place in January 2014.
4. In November 2013, **Ukraine** unexpectedly decided to suspend preparations for signature of the Association Agreement, referring to national security interest and the need to restore lost trade with Russia and CIS partners. In the Joint Declaration of the Eastern Partnership Summit on 28-29 November Ukraine reiterated its commitment to the signing of the Association Agreement. Following political events in February 2014 and the change in government, the political chapters of the AA were signed on 21.03.2014.
5.
  - a) The Association Agreement with **Moldova** was initialled in November.
  - b) Negotiations on an Association Agreement (AA) including a Deep and Comprehensive Free Trade Area (DCFTA) with **Armenia** were completed in July, but they could not be initialled, following Armenia's decision to apply to join the Customs Union with Russia, Belarus and Kazakhstan.
  - c) Negotiations on an AA (including a DCFTA) with **Georgia** were completed in July, and the agreement was initialled at the Eastern Partnership Summit in Vilnius in November.

d) Negotiations on the Association Agreement and on a Strategic Modernisation Partnership continued with **Azerbaijan**.

6. Implementation of the decisions taken at the Paris Summit and Marseille FA conference of the **Union for the Mediterranean**. Agreed flagship projects were launched and gradually implemented. Reviving the activities of the Union for the Mediterranean (UfM)<sup>24</sup>, which the EU has co-chaired since 2012, was important in making the regional cooperation more dynamic. In 2013, 3 new UfM projects were launched and 2 other projects were labelled by the UfM in October. All these projects are developed in close coordination with the EU and complement other EU regional programmes in the region. Perspectives for further practical collaboration seem promising. 3 UfM ministerial conferences were held in 2013.
7. Conclusion of **review of regional South programmes** in all sectors in order to respond more adequately to the events still unfolding in the Southern Neighbourhood. The focus of the programmes of the RAP 2014 for the South is fully aligned with the priorities for action outlined in the Joint Communication 'A new response to a Changing Neighbourhood'.
9. Implementation of the **Eastern Partnership Work programme** of the four platforms and continued implementation of flagship initiatives launched in 2010 and following the Eastern-Partnership road maps approved in 2012.
10. Close follow-up of the implementation of the **Eastern Partnership** following the adoption of EaP roadmap (May 2012) which allowed for the achievement of the results expected by Autumn 2013.
11. The implementation of **Mobility Partnerships** with Armenia, Moldova and Georgia, and dialogues on visa-free travel with Moldova, Ukraine and Georgia continued in 2013.
12. Signature of the Political Declaration on a Mobility Partnership with **Morocco** on 7 June 2013. Mobility partnership with **Jordan** might be concluded in 2014. Negotiations on the mobility partnership for **Tunisia** were finalised in November 2013 and the signature took place in early March 2014.
13. Launch and starting of DCFTA negotiations with **Morocco** in 2013; **Tunisia**: negotiations were not launched because of the political impasse however an impact assessment study was conducted by DG Trade and consultations took place with relevant actors and stakeholders. Prospect of opening DCFTA negotiations with **Jordan** in 2014.
14. The **Comprehensive Institution Building (CIB)** programme is ongoing in all EaP countries (except Belarus). Armenia's CIB programme has been revised with the reduction and re-orientation of planned support for AA/DCFTA implementation.
15. **Black Sea Synergy Sectoral Partnership in Energy and Transport** created. Progress in the implementation of the Environment Partnership with continued support to marine environmental monitoring of the Black Sea along the lines of the EU Marine Strategy Framework Directive. Support was also provided to Black Sea civil society.
16. Implementation of the existing **Northern Dimension Partnerships** continued as planned, and a new contract was signed by the Delegation in Moscow under the Partnership for Health and Social Welfare.
17. In 2013, existing regional programmes continued to support:

a) **democracy and rule of law** (€60 million in 2011-2013 for integrated border management, Council of

---

<sup>24</sup> The UfM is a forum for dialogue among 43 EU and Mediterranean partners (participation of Syria is currently suspended) which complements the bilateral relations between the EU and its southern neighbours.

Europe Facility, police cooperation, Eastern Partnership Study Facility, ENP countries participation in the work of EU agencies);

- b) **economic integration and convergence with EU standards** (€123 million in 2011-2013 for SME development, environmental governance, disaster risk reduction, transport);
- c) **energy security** (€63 million in 2011-2013 for regional energy markets and energy efficiency, the Covenant of Mayors, Eastern Europe Energy Efficiency and Environment Partnership, Caspian Development Corporation); (iv) **contacts between people** (€108 million in 2011-2013 for civil society, Eastern Partnership Youth programme and culture) including higher education (€595 million for Erasmus Mundus and Tempus since 2007).

A significant contribution to the regional objectives comes from projects channelled through the Neighbourhood Investment Facility. A number of these EFI-led projects are managed by the Regional Programme Neighbourhood East unit, constituting a portfolio worth €40 million in the energy and SMEs sectors. These projects should attract an aggregated investment of €670 million. In 2013, two new regional projects were approved by the NIF board for a total value of €124 million including an EU contribution of €6 million.

In 2013, the regional East provided funds for **economic development** (€10 million for SMEs), **border management** (€4.50 million for capacity building activities and € 17.3 for border crossings and €21 million for EUBAM), **disaster risk reduction** (€5.5 million), **energy efficiency** (€25 million, including a €12 million facility that will be channelled through the NIF), **territorial cooperation** (€12.5 million), **transport** (€10.5 million) and **culture** (€5 million).

A total of €10 million was also allocated to support the implementation of the **Eastern Partnership multilateral dimension**, the **Black Sea Synergy** and the **Northern Dimension**. Progress in the implementation of the Black Sea Environment Partnership continued with support to marine environmental monitoring of the Black Sea along the lines of the EU Marine Strategy Framework Directive. Support was also provided to Black Sea civil society. Increased financial support was also provided for the Transport and Logistics Partnership in the framework of the Northern Dimension.

#### 18. Successful integration of Libya into regional programmes.

Main expenditure-related outputs 2013	Budget line	€ million
Measures supporting inter-regional cooperation in the whole Neighbourhood.	19 08 01 01/ 19 08 01 03	371.05
of which Neighbourhood Investment Facility (no. of approved projects and annual allocation).	<i>Ibid. 17 projects approved.</i>	210.5
of which Erasmus Mundus II (Action1 and 2) implemented by EAC Executive Agency (annual allocation without Russia bilateral transfer).	<i>Ibid.3175 projects approved</i>	68.2
of which TEMPUS implemented by EAC Executive Agency (annual allocation).	<i>Ibid.59 projects approved</i>	49.85
Measures supporting the implementation of the Euro-Med Partnership Work-programme.	19 08 01 01	107.21
Measures supporting Regional Cooperation among Eastern Neighbours	19 08 01 03	78.61
Specific additional measures identified in the EaP Communication allowing for the implementation of the Eastern Partnership multilateral dimension and its priorities.	19 08 01 03	11
Cross Border co-operation programmes 2007-2013 (excepting those 5 out of 15 at the land border with Russia).	19 08 02 01 & 02 8 programmes implemented	121.03
<b>Total</b>		<b>688.91</b>

**ACTIVITY 19 08 “EUROPEAN NEIGHBOURHOOD POLICY AND RELATIONS WITH RUSSIA” - Specific Objective 2 is implemented according to the plan (Spending programme ENPI).**

Specific Objective 2: Supporting EU neighbours' economic and sector reforms and promoting further integration with the EU and among neighbouring countries themselves.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (mid-term)	Current situation (as achieved)
Level of progress in the implementation of the ENP economic reform agenda and of the sectoral priorities of the Action Plans (source ENP progress report).	Satisfactory implementation of the main economic reform and of the sectoral priorities of the Action Plans by their completion date.	<p><b>Neighbourhood South:</b></p> <ul style="list-style-type: none"> <li>• <b>Egypt:</b> The trend of slow reform progress and related delays of the sector support operations that had started in the second semester of 2012 and continued through 2013. No new Budget Support operation was approved in 2013. Due to the non-compliance with the general/special conditions applicable to Budget Support operations, no Budget Support disbursement was made in 2013 either. In the absence of a long-term government plan, technical and financial cooperation had to be directed towards more short-term and concrete actions directly benefiting the citizens of Egypt. The interim Government's mandate has largely focussed on ensuring the basic functioning and activities of the State and delivery of public services.</li> <li>• <b>Israel:</b> N/A</li> <li>• <b>Jordan:</b> Jordan's macroeconomic performance was mixed during 2013. Adverse external factors, like the Syrian conflict and the resulting refugee crisis, higher oil prices, prolonged regional uncertainty, and the gas supply problems with Egypt were broadly offset by the rebound of grants (reaching 3.8% of GDP by the end of the year; up from 1.5% in 2012) and prudent financial management, linked to the implementation of the adjustment programme agreed with the IMF in 2012. The approval of several strategic laws related to social security, private investment, PPP, is slowly proceeding at the Parliament level.</li> <li>• <b>Lebanon:</b> Effective implementation of the reforms outlined in the Action Plan remained limited as mentioned in the Progress Reports, not least because of the deep political polarisation within Cabinet and in Parliament, as well as the growing challenges faced in the country (security, economy, resignation of the Government etc). There is still no budget, a deterioration of public debt and deficit, no reform of the deficient social safety nets, few sectorial policy developments, no progress on WTO (although the Minister of Economy and Trade indicated his intention to set up again a technical team to work on WTO preparations).</li> <li>• <b>Libya:</b> the lack of political settlement and the ensuing collapse in security measures is hampering the implementation of reforms.</li> <li>• <b>Morocco:</b> all targets related to support to sector priorities were achieved in 2013. In terms of support to economic reforms, the “Hakama” programme (Public Financial Management reform programme) was eventually signed in December 2013. The latter aims to support Morocco in the implementation of the new Financial Fundamental Law (Loi Organique des Finances).</li> <li>• <b>Syria:</b> Bilateral cooperation with Syrian government suspended since May 2011.</li> <li>• <b>Palestine:</b> Private sector: lack of willingness on the PA side to engage in dialogue; Water and Land development: some delays due to the vacuum of leadership at the Palestinian Water Authority.</li> <li>• <b>Tunisia:</b> despite complex political situation the implementation of programmes and priorities was satisfactory.</li> </ul>

		<p><b>Neighbourhood East:</b></p> <ul style="list-style-type: none"> <li>• <b>Armenia</b> continued to implement sound macroeconomic policies and structural reforms in 2013. It made further progress towards meeting the objectives of the Action Plan in the areas of macroeconomic policy, poverty reduction and social cohesion.</li> <li>• <b>Azerbaijan</b> successfully managed to stabilise the macro-economic environment due to a positive growth of the non-oil economy and social stability. In this regard measures were taken to upgrade transport infrastructure and to promote rural development. Further efforts are needed in order to diversify the economy, including the development of human capital and the establishment of a friendly business environment.</li> <li>• <b>Georgia's</b> economy grew more slowly in 2013, due to uncertainties arising from political tensions. The final figure for GDP growth in 2013 is expected to be 2.5%, declining from 6.1% in 2012. Georgia's 2013 budget provided for increased social spending to protect the most vulnerable. Since July, universal health insurance has been made available.</li> <li>• Economic performance was weak in 2013 in <b>Ukraine</b>. The recession that started in the second half of 2012 continued through 2013 and annual growth was negative.</li> <li>• <b>Moldova's</b> economy recovered well in 2013 on the back of a rebound in agriculture, after the light slowdown of the previous year, and its unemployment rate continued to fall. This allowed the government to continue its fiscal consolidation effort. However since September 2013, Moldova has been faced with Russia's temporary ban on imports of wine and spirits. Moldova's economic dependence on agricultural exports to Russia makes it vulnerable to this type of pressure.</li> </ul>
--	--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

### Main policy outputs 2013

1. Financial support was made available through Annual Action Programmes adopted in 2013 in the following sectors:

**Armenia:**

- Support to Agriculture and Rural Development – ENPARD, to support the Government in ensuring an efficient and sustainable agriculture, contributing to better conditions in rural areas of Armenia.
- Support to Regional Development, to support the Government in progressing towards a more balanced social and economic development between regions of Armenia.

**Azerbaijan:**

Support to regional and rural development, to contribute to the diversification of the economy and sustainable regional development in Azerbaijan, while reducing socio-economic disparities between regions.

**Belarus:**

- supporting the modernisation of the Belarusian healthcare system
- promotion of sustainable regional development in Belarus and particularly in the regions of Grodno and Minsk countryside.

**Georgia:**

- Improving the efficiency, transparency and accountability of public finance policy and management
- regional development, to create a favourable environment for the socio-economic development of the regions and improve living standards and conditions of the population.

**Moldova:**

- support to the vocational education and training system (VET) aiming to increase efficiency of professional education and to provide a competitive workforce for national and regional economy that would meet the labour market needs in terms of quality and quantity requirements.
- support to the visa liberalisation action plan, to improve the mobility of Moldovan nationals, while ensuring public order and security, consolidating the rule of law and strengthening human rights protection in line with European standards and best comparative practices.

**Ukraine:**

- regional policy, to support the social, economic and territorial cohesion of Ukraine, wellbeing throughout the country

- b. environment, by giving further support to the implementation of the National Environmental Policy, in line with EU standards and norms.
- c. trade, to promote sustainable and inclusive growth and to contribute to economic reforms and the gradual integration of Ukraine's economy into the European Union's Internal Market.

In 2013 (as in 2012), Moldova, Georgia and Armenia benefited from additional allocations under EaPIC, the east strand of the 'more for more' umbrella programme. Allocations reflect the main finding and conclusions of the ENP package joint communication in terms of progress in deep democracy and respect of human rights. The decision on the allocation for Moldova was delayed because of the political crisis but confirmed ahead of the Vilnius Summit. EaPIC additional funding will be used to support the fight against corruption, civil service reform and border management in Armenia; employment and VET in Georgia; reforms of the energy sector and energy efficiency, economic development in rural areas, and support to the CoE Action Plan implementation in Moldova.

2. Financial support planned in 2013 in the Southern Neighbourhood for the following sectors:

**Algeria:** Local socio-economic development as well as economic growth and employment;

**Egypt:** Developing Agriculture and rural development, socio-economic reform, quality of life/environment projects;

**Jordan** – Trade, enterprise and investment development as well as sustainability of the growth process;

**Lebanon** – Social cohesion, modernisation of infrastructure and response to climate change;

**Libya** - SME development and migration;

**Morocco** – Education, medical insurance universal coverage, reform of the agriculture sector and support to the implementation of the Advanced Status;

**Palestine** – Private sector development, delivery of public service; water infrastructures development;

**Tunisia** – economic, governance and social reform : support was ensured to sustain reforms in these sectors

In Tunisia, financial support in 2014 will target economic, governance and social reform. Macro-economic stabilisation is essential and EU is ready to accompany Tunisian authorities to ensure it.

**Algeria:** financial cooperation in 2014 will focus on justice reform and citizens' participation, the adaptation of training and education to the labour market and the diversification of the economy.

3. Decision on country allocations for SPRING 2013 Programme in support of democratic and economic transition in the Southern Neighbourhood countries as well as on initiatives to be funded in the area of sustainable and inclusive growth and economic development. In Morocco, three programmes were signed in 2013 in the context of the SPRING initiative in support to 1) the national literacy strategy (€35 million), 2) SMEs and employment (€40 million) and 3) the provision of agricultural extension services to small farmers (€16,135 million).
4. Building on the continued enhanced policy dialogue, more framework protocols are expected to be signed with EaP countries enabling them to participate in current and future EU programmes. Ad hoc provisions for subsidised participation will be included in 2013 bilateral assistance packages for Armenia, Azerbaijan and Georgia. The 2012 inter-regional project will foster networking between EaP and southern Neighbourhood countries and interested EU agencies; building on the outcomes of this project, bilateral assistance might continue supporting preparatory activities (regulatory approximation) needed to access future technical cooperation agreements between EU agencies and EaP countries.
- All EaP countries (except Belarus) have signed Framework Protocols enabling them to join EU internal programmes. The 2013 Annual Action Programmes of Armenia, Moldova and Ukraine have earmarked funding for the possibility of subsidising the participation fees that the country pays when joining an EU internal programme. So far, only Moldova has joined an EU programme (FP7, from 2012).
5. The Comprehensive Institution Building (CIB) programme is ongoing in all countries (except Belarus). Armenia's CIB programme has been revised with the reduction and re-orientation of planned support for AA/DCFTA implementation, and refocused on migration.
6. Signature of Memorandum of Understanding on energy issues with Algeria (signed in July 2013). In Armenia, the

implementation of the 2010 Action Plan on Energy Saving and 2011 Roadmap on Energy Efficiency continued, with the country aiming for 30% of generation of electricity to come from renewable sources by 2025. In January, Georgia officially applied to become a full member of the Energy Community. Its application was formally welcomed by the Community's Ministerial meeting in October.

A third meeting under the EU-Azerbaijan Memorandum of Understanding in the field of energy took place in Baku in February. An Action Plan for the further implementation of the MoU was submitted by the European Commission for endorsement by the Ministry of Industry and Energy. The foreseen areas of cooperation are: legal approximation, oil and gas, electricity, renewable energy sources and energy efficiency.

Main expenditure-related outputs 2013	Budget line	€ million
1. Measures focusing on good governance, regulatory reform and capacity building in EU's southern Neighbours, except Palestine <ul style="list-style-type: none"> <li>of which SPRING (Support for Partnership, Reforms and Inclusive Growth)</li> </ul>	19 08 01 01	230 15
2. Measures focusing on good governance, regulatory reform and capacity building in EU's eastern Neighbours <ul style="list-style-type: none"> <li>of which EaP Comprehensive Institution Building Programmes</li> <li>of which EaPIC (Eastern Partnership Integration and Cooperation programme )</li> </ul>	19 08 01 03	220.04 47.85 27.54
3. Measures focusing on sustainable development in EU's southern neighbours, except Palestine <ul style="list-style-type: none"> <li>of which SPRING (Support for Partnership, Reforms and Inclusive Growth)</li> </ul>	19 08 01 01	466.9 117
4. Measures focusing on sustainable development in EU's eastern neighbours <ul style="list-style-type: none"> <li>of which EaPIC (Eastern Partnership Integration and Cooperation programme )</li> </ul>	19 08 01 03	271.96 37.46
<b>Total</b>		<b>1,188.9</b>

**ACTIVITY 19 08 "EUROPEAN NEIGHBOURHOOD POLICY AND RELATIONS WITH RUSSIA" - Specific Objective 3 is implemented according to the plan for East and not for South (Spending programme ENPI).**

Specific Objective 3: Promoting democracy, human rights and rule of law and contribute to conflict resolution in the EU's neighbourhood.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (mid-term)	Current situation (as achieved)
<b>Level of implementation of the Political Priorities of the Action Plans (source: most recent progress reports).</b>	Satisfactory implementation of the most relevant Political priorities of the Action Plan (or equivalent documents) Priorities before their completion date.	<p><b>Neighbourhood South:</b></p> <ul style="list-style-type: none"> <li><b>Egypt.</b> Due to the political developments no major achievements have been registered.</li> <li><b>Israel:</b> Regarding human rights issues, Israel decided to participate in the Universal Periodic Review under the UN Human Rights Council. There was progress in terms of women's rights, whereas other vulnerable groups are facing a worsening of their situation (Arab minorities in particular Bedouins).</li> <li><b>Jordan:</b> adoption of an Anti-Corruption Strategy. Parliamentary and municipal elections transparent and credible.</li> <li><b>Lebanon:</b> Freedom of medias. Two draft laws to reorganise the Ministry of Justice and the High Judicial Council. Draft law proposing to limit the competences of Military Courts. Ratified</li> </ul>



		<p>UN Convention against Torture and the Operational Protocol. Death penalty moratorium confirmed. Strategy of administrative reform by the Ministry of State for Administrative Reform. (EU). Drafting Decentralisation law. Draft law on domestic violence. National Human Rights Action Plan.</p> <ul style="list-style-type: none"> <li>• <b>Libya:</b> the transition is stalled due to the lack of political settlement and the worsening of the security context.</li> <li>• <b>Morocco:</b> The governmental plan for equality and the draft law creating an authority for equality and the fight against discrimination (APALD) were approved by the Committee of Ministers. Progress was also made on the anti-corruption framework (status of the related authority). The national justice reform charter was published and two related organic laws were drafted.</li> <li>• <b>Palestine:</b> Focal sector governance/rule of law: lack of progress in reforms, only Elections Working Group working well.</li> <li>• <b>Tunisia:</b> achievements related to consolidation of democracy promotion of HR and Rule of law: adoption in early 2014 of the constitution and setting up of a legal framework on torture, media, independence of justice, anti-corruption, and transitional justice and preparation of next elections (appointment of members of the superior independent elections instance (ISIE).</li> </ul> <p><b>Neighbourhood East:</b></p> <ul style="list-style-type: none"> <li>• In <b>Armenia</b>, improvements were witnessed in the electoral process. Implementation of the Judicial Reforms Strategy 2012-2016 is underway but public mistrust of the system and its integrity remains high and should be addressed.</li> <li>• Increase in reports of violence against civil activists and human rights defenders. Freedom of expression and media respected for the most part.</li> <li>• Human rights further deteriorated in Azerbaijan, especially in the pre and post-election phases. <b>Freedom of expression</b> remained limited in media other than the internet. Restrictions to freedom of assembly continued. Legislative amendments entered into force which further restricted CSO space.</li> <li>• Presidential elections in line with international standards in <b>Georgia</b>. Progress in ensuring freedom of association and freedom of assembly was mixed. Overall the media environment improved and became more diverse, but it remained politically polarised. Important steps taken towards independence of judiciary.</li> <li>• In <b>Moldova</b>, the law on equality started being effectively implemented. Some progress in tackling impunity for ill-treatment and torture. Progress regarding gender equality, inclusion of Roma people, and of persons with disabilities. Important institutional and media related issues remained unresolved, regarding for instance political party financing rules or transparency of media ownership</li> <li>• Further progress in reforms of the justice and the law-enforcement systems.</li> <li>• In <b>Ukraine</b>, positive developments in the field of legal reform, including the judiciary, some progress on the cases of selective use of justice. Amendments to the law on parliamentary election of 2011 were adopted, no work was undertaken for the improvement of other important pieces of legislation, such on presidential elections, local elections, and on the Central</li> </ul>
--	--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

		Election Commission. Freedom of assembly has been undermined by the lack of a specific law regulating the exercise of this right. Media freedom worsened. Reports of physical attacks on journalists have become more frequent, especially those well-documented ones occurred during the civil protest in Ukraine's capital city in December 2013 known as "Euromaidan".
<b>Main policy outputs 2013</b>		
<ol style="list-style-type: none"> <li>1. Support to democratic transition in countries embarking on political change: EU support will be critical to adapt legislation, strengthen democratic institutions and improve governance. Decision on <b>country allocations for SPRING 2013</b> Programme in support of democratic and economic transition in the southern Neighbourhood countries. In Morocco, the EU pursued the implementation of the SPRING-funded project in support to the National Council for Human Rights and the Inter-ministerial Delegation on Human Rights through twinning projects. A project in support to the implementation of the Mobility Partnership (signed in June 2013) was also prepared. Negotiations were launched with the Government on the content of this proposed project. Signature of the project is expected early 2014. With SPRING 2013 funds it is also envisaged to finance a project in support to the Moroccan Parliament. The latter project is foreseen to be adopted and signed during the first semester of 2014.</li> <li>2. Contribution to <b>stabilisation efforts and peaceful solution of conflicts</b> in the ENP neighbourhood. <ul style="list-style-type: none"> <li>• The provision of EU financial assistance to projects supporting conflict resolution and confidence building continues in Abkhazia as well as, through the OSCE implemented rehabilitation of water infrastructure, in South Ossetia.</li> <li>• A package of confidence building measures worth €28 million was adopted in 2013 for Moldova, to contribute to the peaceful settlement of the conflict in Transnistria.</li> <li>• Furthermore, €21 million of fresh funding were committed to the EU Border Assistance Mission to the Republic of Moldova and Ukraine (EUBAM). The mission which was launched in 2005 and has received almost €110 million of EU funding so far, has an important role in contributing to the stabilisation of the Transnistrian situation.</li> <li>• Contribution to reconstruction and national reconciliation in Libya.</li> </ul> </li> <li>3. Increasing support to Civil Society in all partner countries (with a €10 million component specifically in support of civil society under SPRING envelope 2011-2012 allocated to Egypt), including continuation of implementation of the <b>Civil Society Facility</b> and support to the <b>Endowment for Democracy</b>. Under the Neighbourhood East Civil Society Facility - 2012 Commission decision (€13.4 million in total, regional and bilateral) 43 contracts were signed in 2013 at bilateral and regional level. The regional east envelope was used to support 3 new projects: an operating grant for the EaP CSF Secretariat of €250,000 and 2 other regional projects which were on the reserve list of the regional CSO call launched in 2011 (total of the 2 projects: €1.3 million). The two regional projects addressed the following issues: conflict of interest policies and convergence with the EU on sanitary issues. Under the Neighbourhood East Civil Society Facility - 2013 Commission decision, the initial budget of €10 million has been increased to €12.2 million at the end of 2013. One regional contract has already been signed (the second operating grant for the EaP CSF Secretariat).</li> <li>4. Growing support to host countries Lebanon and Jordan, which are accommodating a <b>growing stream of refugees from Syria</b>, to meet the refugees' and host communities needs and to mitigate the conflict potential arising from the crisis. A programme "Refugees and Development in the Middle East" (to be funded under the corresponding thematic programme) including a Regional Protection Programme has been adopted in 2013.</li> </ol>		
<b>Main expenditure-related outputs 2013</b>	<b>Budget line</b>	<b>€ million</b>

	(2012)	
1. Measures supporting political governance reform among EU's Southern Neighbours: • of which SPRING (Support for Partnership, Reforms and Inclusive Growth).	19 08 01 01	44 18
2. Measures supporting political governance reform among EU's Eastern Neighbours.	19 08 01 03	65.07
3. Measures supporting the Palestinian Authority and the peace process.	19 08 01 02	313.74
4. Measures supporting the Syrian population and host communities in Jordan and Lebanon affected by the crisis in Syria.	19 08 01 01	202.56
<b>Total</b>		<b>625.37</b>

**ACTIVITY 19 08 "EUROPEAN NEIGHBOURHOOD POLICY AND RELATIONS WITH RUSSIA" - Specific Objective 4 is implemented according to the plan (Spending programme ENPI).**

Specific Objective 4: Strengthening the "Strategic partnership" between Russia and the EU.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (mid-term)	Current situation (as achieved)
<b>Progress in negotiations of a new EU Russia Agreement.</b>	New agreement concluded and ratified.	Negotiations for the New Agreement were on hold in 2013 due to discordances in the EU-Russia relationship. However, it was agreed in the January 2014 Summit to continue in due course the exploratory talks on the Agreement.
<b>Implementation of EU-Russia Common spaces Road Maps as well as progress in implementation of the Partnership for Modernisation.</b>	Reform and modernisation process in Russia moved ahead and reinforced cooperation between the EU and Russia put in place through implementation of Common Spaces roadmaps.	<p>The EU-Russia Partnership for Modernisation (P4M) continued to be the main policy platform for our cooperation activities with Russia. Since 2010 the EU has allocated and contracted €7 million for projects under the P4M. Managed by the EU Delegation Moscow, the two broad areas are trade facilitation through harmonisation of technical regulations and strengthening the rule of law. The bulk of the projects have been already finalised. The remaining are well on track. An independent evaluation of the P4M Facility was carried out in late 2013; the final report is not yet available.</p> <p>The highlights of 2013 were the creation of an appeal level in the Russian judiciary system, the launch of an initiative to protect the rights of entrepreneurs from corrupt practices in the Russian Federation, and the engagement of the European Investment Bank, European Bank for Reconstruction and Development, and Vnesheconombank in favour of small and medium sized businesses and of infrastructure projects, notably regarding energy efficiency.</p>
<b>Main policy outputs 2013</b>		

1. The negotiations of a new EU Russia Agreement were on hold in 2013 due to irritants in the EU-Russia relationship.
2. Progress in implementation of the Four Common spaces road maps as well as of the Partnership for Modernisation continued through dialogues on numerous sectors and implementation of the P4M (see table above for P4M). EU and Russia continued to implement the "Common Steps to move towards visa-free short-term travel". In 2013, the mutual expert missions on all sections of "common steps" were completed but the agreement on visa-free short-term travel was not concluded due to certain open questions. Work on the upgraded Visa Facilitation Agreement continued, but the outstanding issues are yet to be solved and appropriate safeguards put in place. For the EU side, a key stumbling block was the Russian Passenger Name Records system.
3. Implementation of the EU-Russia Civil Society Forum and other civil society programmes continued despite the "foreign agents law" that negatively affected some EU funded projects and NGOs. One EIDHR project had to be suspended for the time being and some others revised their activities as a consequence of the massive control campaign by the law enforcement officials.
4. There were some positive developments in the rule of law sector. Despite initial problems in getting the project approved by the Russian side, the P4M anti-corruption project could be launched in 2013, implemented by Council of Europe together with the Business Ombudsman under the Presidential Administration. The introduction of the appeal system to the Russian judiciary setup was also concluded with P4M support. The three-year P4M project on the accession of Russia to the Hague conventions on child protection was nearly completed.

Main expenditure-related outputs 2013	Budget line (2012)	€ million
Measures supporting the implementation of the road maps and the Partnership for Modernisation.	19 08 01 03	-
Cross Border Co-operation Programmes at the Russian land borders (5 programmes).	19 08 02 01 & 02 (5 programmes)	37.83
Other measures supporting education:		
• Erasmus Mundus II (Action 2) implemented by EAC Executive Agency (additional transfer amount for Russia).	19 08 01 03	6
• TEMPUS implemented by EAC Executive Agency	19 08 01 03	9
<b>Total</b>		<b>52.83</b>

**ACTIVITY 19 09 "RELATIONS WITH LATIN AMERICA" - Specific Objective 1 is implemented according to the plan (Spending programme DCI).**

Specific Objective 1: Promote social cohesion in Latin America.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)

<b>Poverty reduction: Share of population living on less than USD 1.25 per day at 2005 PPP (Purchasing Power Parity) (Latin America and Caribbean).</b>	Achieve MDG 1 in Latin America (halve, between 1990 and 2015, the proportion of people whose income is less than USD1.25 per day.	The 2015 milestone of 6% was already achieved in 2010 (11.3% in 1990 and 8.02% in 2005). Extreme poverty has been falling steadily since 1990.  <i>Source: The MDG report 2013, UN</i>
<b>More equality: Gini Index for Latin America<sup>25</sup> (incl. Caribbean).</b>	Actions aim at contributing to decrease the Gini coefficient. The target is to contribute to ensure a more equal distribution of income in Latin America.	1990: 0.55-2010: 0.5 The situation is mixed with some countries in the region with decreasing levels of inequality e.g. Gini Index in Dominican Republic down from 48.9 in 2009 to 47.2 in 2010 and in Colombia from 56.1 to 52, and some other with increasing levels e.g. Paraguay up to 52.4 in 2010 from 51 in 2009. The region as a whole remains one of the most unequal in the world.  <i>Source: CEPAL Review 108, December 2012 &amp; IMF DoTS.</i>

### Main policy outputs 2013

Continue strengthening the political dialogue to deepen close partnership between the EU and Latin America and the Caribbean, while supporting social and territorial cohesion initiatives. Contribute to the implementation of the objectives set out in the Communication on "The EU and Latin America: Global Players in Partnership".

Contribute to the implementation of the Declaration of the EU-CELAC Heads of State and Government held in Chile in January 2013. Follow up to the Summit Declaration and Action Plan stemming up from ongoing plan (established in the aftermath of the Madrid Summit of March 2010 and completed with additional chapters in Chile in 2013).

Main expenditure-related outputs 2013	Budget line	€ million
<b>Actions aimed at contributing to poverty reduction policies and to increase social cohesion in the region eradicating inequality and exclusion. Also actions focusing on sustainable development:</b>		
Education programmes including Latin America-wide programmes.		33.5
Erasmus Mundus Action 2		25.59
Public sector policy and administrative management, participation of civil society and human rights.		125.67
Environmental programmes, rural and urban development, business support services, water supply and sanitation and others.		121.9
<b>Total budget line 19 09 01</b>		<b>306.66</b>

<sup>25</sup> Latin America is one of the regions that showed faster economic growth during the last decade resulting, through employment creation and less wage inequality, in an unprecedented reduction in poverty and increase in prosperity. It remains however one of the most unequal regions in the world with the Gini coefficient only falling by just five points between 1990 and 2010. Strengthening the link between growth, wage equity and better distribution of income, is crucial if the region is to reduce inequality significantly and make strides towards shared prosperity. The role of state institutions should also not be neglected. The EU Development cooperation was in a number of countries in the region, in a phasing out mode, following the impact oriented policy framework introduced by the *Agenda for Change* and the principle of "differentiation". Despite this, it contributed in poverty reduction and promotion of social cohesion in the region through actions in both areas of economic and human development and improvement of governance and security.

**ACTIVITY 19 09 “RELATIONS WITH LATIN AMERICA” - Specific Objective 2 is implemented according to the plan (Spending programme DCI).**

Specific Objective 2: Foster regional integration in Latin America.		<input checked="" type="checkbox"/> Spending programme																								
Result indicators	Target (long-term)	Current situation <sup>26</sup> (as achieved)																								
<p><b>Intra-regional commercial flows.</b></p> <p>SA = South America CA = Central America</p>	<p>Increased trade integration within the region</p>	<p><b>1.1 Intra-regional imports as a percentage of total imports:</b></p> <table border="1"> <thead> <tr> <th>Region</th> <th>2010</th> <th>2011</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>SA</td> <td>18.9</td> <td>18.2</td> <td>18.5</td> </tr> <tr> <td>CA</td> <td>32.1</td> <td>31.6</td> <td>32.9</td> </tr> </tbody> </table> <p><b>1.2 Intra-regional exports as a percentage of total exports:</b></p> <table border="1"> <thead> <tr> <th>Region</th> <th>2010</th> <th>2011</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>SA</td> <td>18.1</td> <td>17.7</td> <td>18</td> </tr> <tr> <td>CA</td> <td>40</td> <td>39.4</td> <td>34.1</td> </tr> </tbody> </table> <p><b>1.3 Percentage of Intra Latin America flows versus total trade flow (exports): 18.1% (2012)</b></p> <p><i>Source: (1) CEPAL statistical yearbook 2013, (2) IMF DoTS and (3) DG Trade.</i></p>	Region	2010	2011	2012	SA	18.9	18.2	18.5	CA	32.1	31.6	32.9	Region	2010	2011	2012	SA	18.1	17.7	18	CA	40	39.4	34.1
Region	2010	2011	2012																							
SA	18.9	18.2	18.5																							
CA	32.1	31.6	32.9																							
Region	2010	2011	2012																							
SA	18.1	17.7	18																							
CA	40	39.4	34.1																							
<b>Main policy outputs 2013</b>																										
<p>Contribution to supporting the regional and economic integration processes in Latin America, such as MERCOSUR, the Central America Integration System (SICA), and the Andean Community (CAN) in the light of the dynamic geo-political situation of sub-regions.</p> <p>The EU will continue to deepen the EU-LAC relations, including the strengthening of regional integration and support to Latin America harmonious insertion in a globalised economy in particular through:</p> <ul style="list-style-type: none"> <li>• negotiations for Association Agreements with the sub-regions,</li> <li>• strengthening the implementation of the existing Association Agreements</li> <li>• developing the Strategic Partnerships with Mexico and Brazil.</li> </ul> <p>Following the conclusion of the Central America, Colombia and Peru Agreements, the objective is to aim at ratification and entry into force of the negotiated Agreements and to pursue negotiations and if possible conclude an Association Agreement with MERCOSUR as well as negotiations with other interested Andean partners.</p> <p>Furthermore in order to support the LAC countries in their fight against illegal drug trafficking and related crime, issues relating to the illegal trafficking of drugs and the security matters pertaining to this problem will remain key</p>																										

<sup>26</sup> Levels of intraregional trade in Latin America were virtually the same during the period 2010-2012 and, on average, the region's share of intraregional trade remains far below 40%. This situation suggests that despite the gains during the last two decades, regional integration in terms of intraregional trade, has not achieved yet a satisfactory levels and thus, it does not play yet the role of strong growth driver and of shock mitigating factor. The EU contributed during 2013 in the advancement of regional integration in both Central and South America with projects related to SICA, CAN and MERCOSUR.

objectives for the EU in Latin America.		
Main expenditure-related outputs 2013	Budget line	€ million
<b>Actions supporting economic growth, regional integration, trade:</b>		
Public sector policy and administrative management, participation of civil society and human rights		5.34
Multi-sector aid, industry, urban and rural development, investments in environmental protection and energy generation		52.0
<b>Total budget line 19 09 01</b>		<b>57.34</b>

**ACTIVITY 19 09 “RELATIONS WITH LATIN AMERICA” - Specific Objective 3 is implemented according to the plan (Spending programme DCI).**

Specific Objective 3: Non ODA activities: Intensification of political cooperation and economic partnerships with Latin America.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation <sup>27</sup> (as achieved)
<b>Number of platforms launched for strengthening dialogue and partnership between EU and Latin America.</b>	Launch of 1 platform: EU-LA Knowledge and Innovation Centre.	Target was not achieved in 2013. The related project is however well advanced.
<b>Percentage of population covered by digital TV in Colombia and Panama.</b>	At least 50% of the population in the capital cities of the two countries. Launch of project in Colombia.	The related projects are on-going.
<b>Number of new consortia of universities implementing Erasmus Mundus Action 2.</b>	Target achieved with selection completed in 2012.	The number of consortia in 2013 was 8.
Main policy outputs 2013		
<p>Progress in the partnership with the Latin America region will continued with follow up of the EU-LAC Summit Declarations in key areas:</p> <ul style="list-style-type: none"> <li>• Contribution to the creation of a EU-LAC Knowledge and Innovation Centre,</li> <li>• Participation of European students and academics in the Erasmus Mundus Action 2,</li> <li>• Support for international cooperation in the implementation of DVB-T Standards in Latin America, namely in Colombia and Panama and</li> <li>• Support to the regulatory cooperation with Latin America in the field of electronic communications.</li> </ul>		

<sup>27</sup> The EU-CELAC dialogue was significantly strengthened in 2013. Following the January Summit in Santiago de Chile and under the agreed Action Plan, a number of dialogue events took place on a number of topics of mutual interest (gender, drugs, migration, climate change, corporate social responsibility). The foreseen Knowledge and Innovation Centre is not established as such but the Commission Decision for the project supporting its establishment was taken in December 2013 and the relevant contract is expected during the third quarter of 2014. A key contract for the implementation of the “Digital TV pilot project” in Panama, (DCI-ALA/2009/021785), was signed in November 2013 while the Financing Agreement of the equivalent project in Colombia (ICI+/2012/24143) was signed in December 2013. Erasmus Mundus Action 2 is a successful programme which saw 8 new consortia in 2013 at both regional (6) and national level (2 in Brazil).

Main expenditure-related outputs 2013	Budget line (2012)	€ million
Promotion of economic partnerships and business in EU interest		11
Erasmus Mundus Action 2 - European outward mobility component)		5
<b>Total budget line 19 09 03</b>		<b>16</b>

**ACTIVITY 19 10 “RELATIONS WITH ASIA, CENTRAL ASIA AND MIDDLE EAST (IRAQ, IRAN, YEMEN)” - Specific Objective 1 is implemented according to the plan (Spending programme DCI).**

Specific Objective 1: Reduce poverty and promote sustainable development in Asia, Central Asia, Iraq and Yemen.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>Population living below \$1.25 a day PPP (%).</b>	Contribute to halve, between 1990 and 2015, the proportion of people whose income is less than \$1.25 a day.	Extreme poverty rates have been halved for Central Asia, Eastern Asia, South Eastern Asia and Southern Asia, excluding India, five years ahead of the 2015 deadline.  <i>Source: MDG Report 2013</i>
<b>Net primary enrolment ratio (% of relevant age group).</b>	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.	On target in Eastern Asia, whereas some progress still has to be made in South-Eastern, Southern and Western Asia. Equal girl's enrolment in primary school has reached parity in south-Eastern and Southern Asia and it is close to parity in Eastern and Western Asia.  <i>Source: MDG Report 2013</i>
<b>Infant mortality (under five mortality rate per 1,000).</b>	Reduce by two thirds, between 1990 and 2015, the under-five mortality rate.	On target in Eastern, South Eastern and Western Asia, whereas some more progress has to be made in Southern Asia.  <i>Source: MDG Report 2013</i>
Main policy outputs 2013		
<p>EU continued supporting sub-regional cooperation within ASEAN, SAARC and GCC as well as other regional cooperation initiatives (e.g. Heart of Asia) promoting confidence building measures between Afghanistan and its neighbours. Relations with the authorities in Sri Lanka could be ameliorated.</p> <p>Among the priority countries for 2013 were Afghanistan, Myanmar and Iraq.</p> <p><b>Afghanistan:</b> EU support to nationally owned strategies and programmes on health and agriculture continued to contribute to the achievement of MDGs. Institutional support and expanded delivery of basic health care services (including nutrition) also include a strong gender dimension, which has proved beneficial in reducing maternal death and under 5 mortality rates. Support for agriculture and rural development continued to contribute to the reduction of food insecurity in the country and to improving livelihoods through community-based projects that combine subsistence strategies with new, more profitable, market-oriented agricultural activities.</p> <p><b>Myanmar:</b> The EU's additional contributions in 2013 will support the transition in the country with a programme to support the Peace Processes and to Trade and Business reforms, to support the achievement of the MDGs, higher</p>		



incomes and improved human development indicators. With the opening of the country and reengagement with the government donor coordination arrangements were established with the government and other donors and the dialogue on government policy for the achievement of the MDGs is being deepened.

Main expenditure-related outputs 2013	No. of projects	€ million
Cooperation with developing countries in Asia	29	368.1
Aid for the rehabilitation and reconstruction of Afghanistan	3	156.5
Cooperation with Iraq, Iran, Yemen (2013 portfolio – individual commitments)	11	62.9
<b>Total - Budget line 19 10 01 &amp; 19 10 03</b>	<b>32</b>	<b>587.9</b>

**ACTIVITY 19 10 “RELATIONS WITH ASIA, CENTRAL ASIA AND MIDDLE EAST (IRAQ, IRAN, YEMEN)” - Specific Objective 2 is implemented according to the plan (Spending programme DCI).**

Specific Objective 2: Promoting democracy, rule of law, good governance and respect for Human Rights, with special emphasis on Iraq, Yemen, Afghanistan and Burma/Myanmar.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>Index of freedom for civil liberties and press.</b>	Decrease of the total freedom rating of at least 0.5.	Over the past five years, the Asia-Pacific region has been the only one to record steady gains in political rights and civil liberties as measured by Freedom House. A number of Asia-Pacific countries have made impressive gains in the institutions of electoral democracy—elections, political parties, pluralism—and in freedom of association. Nonetheless, problems persist regarding many fundamental rights. <i>Source: Freedom House</i>
<b>Worldwide Governance Indicators (WGI): Rule of Law.</b>	Increase in the governance score of at least 0.1.	Increase of two percentile point on the rule of law indicator in East Asia and no increase in South Asia. <i>Source: Worldwide Governance Indicators (WGI)</i>
Main policy outputs 2013		
<p>In <b>Afghanistan</b> the EU supported the follow up to the Tokyo conference of 2012 and particularly the Mutual Accountability Framework. In mid-2012 the EU had begun the negotiations of the EU-Afghanistan Partnership and Cooperation Agreement; progress was made, but discussions were still ongoing at the end of 2013. On the development cooperation side, policy dialogue with government continued to focus on governance, including at sub-national level, rule of law; agriculture/rural development; health; and regional cooperation. In the on-going and new programmes, particular attention was given to enhancing institutional capacity development including through pool-funds and trust-funds. With particular relevance to this Specific Objective 2, in 2013, EU funds further supported the Government's strategy on Sub National Governance including Rural Development and reinforced support to civilian policing and contributed to the preparations of presidential elections.</p> <p>In <b>Iraq</b>, two programmes have been adopted: Good Governance and Rule of Law (€22 million) and Education and Labour Market (€18.2 million). Their implementation should be conducted over a period of approximately 4 years and promote a greater access to public and social services at a decentralised level and improved access to justice and education.</p>		

**In Yemen**, the year 2013 saw the most significant EU support to Yemen since bilateral cooperation started. €52 million were allocated on projects increasing resilience, on the one hand of the rural population and on the other hand of governmental basic service distribution systems, such as social protection and health.

**In Myanmar** support continues to help build capacity of the government to define policy and to improve governance, in particular in the areas of planning, statistics, environment and trade. Support to the Election Commission continues and will be built upon in the future. EU assistance could also help to strengthen the rule of law. Human rights is a cross-cutting issue in all bilateral programmes and other instruments such as EIDHR and NSA support the objectives of democracy, rule of law, governance and human rights, which are also part of regular EU policy dialogue.

Main expenditure-related outputs 2013	No. of projects	€ million
Cooperation with developing countries in Asia	10	97.3
Aid for the rehabilitation and reconstruction of Afghanistan	2	40.0
Cooperation with Iraq, Iran, Yemen (individual commitments)	7	14.1
<b>Total - Budget line 19 10 01 &amp; 19 10 03</b>	<b>13</b>	<b>159.3</b>

**ACTIVITY 19 10 “RELATIONS WITH ASIA, CENTRAL ASIA AND MIDDLE EAST (IRAQ, IRAN, YEMEN)” - Specific Objective 3 is implemented according to the plan (Spending programme DCI).**

Specific Objective 3: Support dialogue and cooperation between Central Asia countries and the EU, in particular for institutional, economic, and social reform.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>1. Rule of law and addressing common regional threats</b> <b>Approximation of the judicial models, legislation and practices in the CA countries with international (primarily European) standards.</b> <b>Comprehensive anti-drug policies and integrated border management in the five CA countries.</b>	Further progress of the 5 CA counties in the area of rule of law, particularly in Administrative Law and Administrative Procedure, Criminal Law and Criminal Procedure, and Judicial Reform. Further cooperation in the areas of anti-drug policies and actions towards integrated border management	<ul style="list-style-type: none"> <li>The regional EU-Central Asia Rule of Law Platform: the project organised several national and regional events in Bishkek, a study visit to 3 Member States and to European Institutions. Training workshop took place and a round-table on the fair trial and defence rights was organised.</li> <li>New Rule of Law programmes were prepared for Kazakhstan and Kyrgyzstan.</li> <li>Turkmenistan: finalised a Technical Assistance programme on Legal Capacity Building.</li> <li>CADAP 5 was wound down at the end of 2013 and will be followed by phase 6 continuing EU planned actions against Drug trafficking.</li> <li>Phase eight of the Border Management Programme in Central Asia (BOMCA), supporting integrated border management and regional security dialogue, continued in 2013.</li> </ul>
<b>2. Education</b> <b>CA countries with modernised education and vocational training systems.</b>	Further progress in improving the capacities of public servants and organisations in the education sector. Further progress in regional dialogue in the area of education.	Under the EU-Central Asia Education Platform (CAEP) several regional events were organised such as regional workshops and seminars at national level. Based on stakeholder's requests, topics chosen for policy dialogue are: <ul style="list-style-type: none"> <li>Quality in Vocational Education and Training (VET) &amp; Higher Education (HE);</li> <li>Human resource management in VET &amp; HE;</li> </ul>

		<ul style="list-style-type: none"> <li>Teacher policies, education and training.</li> </ul> <p><b>Kyrgyzstan:</b> a new bilateral Education programme began in 2013.</p> <p><b>Turkmenistan:</b> The project on Strengthening Institutional and Professional Capacities in VET ended in 2013.</p>
<b>3. Environment and water CA countries adopting climate change national strategies and implementing EU Water Initiative EECCA principles (along EU Water Framework Directive).</b>	Enhance regional cooperation in the area of environment and water. Further elaboration of national climate change programmes and EUWI national water policy dialogues established in four countries in 2011.	The implementation of the Regional Environmental Programme (EURECA) continued as well as the activities of the EU-CA Environment and Water cooperation platform.
<b>4. Sustainable energy.</b>	Further cooperation on key sustainable energy principles Regional energy policies converging with EU.	The Investment Facility for Central Asia (IFCA) continued to provide assistance by blending EU grants with loans from European financial institutions to gain financial and qualitative leverage and thereby increase EU development policy impact. IFCA is now active in the areas of environment (renewable energies and energy efficiency), energy (renewable energies and energy efficiency), and support to SMEs.
<b>Main policy outputs 2013</b>		
EU regional cooperation in Central Asia supports the implementation of the key policy initiatives in line with the priorities of the EU Strategy for Central Asia, in particular in rule of law/good governance, higher education and VET, promotion of economic development, sustainable energy, environmental sustainability and water; and combating common threats. The 2012 EU-Central Asia Strategy review "Implementation Report and the Outline for Future Orientations" adopted by the Foreign Affairs Council in June 2012 re-affirmed these objectives and highlighted the importance to address new security challenges in the region post the 2014 withdrawal from Afghanistan.		
<b>Main expenditure-related outputs 2013</b>		<b>No. of projects</b>
Cooperation with Central Asia - AAP s 2013 (regional and bilateral)		14
<b>Total budget line 19 10 02</b>		<b>14</b>
		<b>€ million</b>
		95.3
		<b>95.3</b>

**ACTIVITY 19 10 "RELATIONS WITH ASIA, CENTRAL ASIA AND MIDDLE EAST (IRAQ, IRAN, YEMEN)" - Specific Objective 4 is implemented according to the plan (Spending programme DCI).**

<b>Specific Objective 4: Cooperation activities other than Official Development Assistance (Asia, Central Asia, Iraq, Iran and Yemen).</b>		<input checked="" type="checkbox"/> Spending programme
<b>Result indicators</b>	<b>Target (result)</b>	<b>Current situation (as achieved)</b>
<b>1. Identifiable progress in bilateral action plans and agreements, and more effective coordination in global fora based on better</b>	Proper understanding by local decision makers and media of strategically important third countries of the EU agenda and positions in bilateral and	The service contracts have been signed by the 5 Asian EUDs targeted by the ICI+ Public Diplomacy action. The China EUD regrettably lost the funds due to a failed tendering process. Operational implementation has started in early 2014, but

<b>mutual understanding.</b>	international issues, and accordingly concrete progress in partnership	there is a clear need for EuropeAid HQ to ensure full adherence to the specific objectives of this new and unfamiliar type of action in the EUDs concerned, regional uniformity and sharing of best practices.
<b>2a) European business market shares in emerging economies;</b> <b>2b) Increased European business presence.</b>	a) Deeper European economic penetration into Asian/CA emerging economies or strategic partners (e.g. in the energy field); b) More effective single local voice for European business	The grant contracts for the ICI+ actions adopted in 2012 were signed late 2013, and 3 new grant contracts will be signed in 2014. Three other actions have been going on for 3-4 years, with strong results with regards to 2b) in Thailand and with regards to 2a) encouraging results in China. The action in India remains problematic in various aspects, with a critical external evaluation report in April 2013. The EP has recently paid specific attention to the efficacy and value added of this type of actions.
<b>3. Stronger research networks and partnerships between European and Chinese/Indian researchers.</b>	Stronger people-to-people contacts through increased outward European academic and scientific mobility, especially with key emerging countries and economies with which the EU has formal Science and Technology Agreements.	Operational implementation has started in July 2013.

#### Main policy outputs 2013

The ICI+ AAP 2013 for Asia and Central Asia was adopted in 3 distinct parts, adding up to 7 actions for a total EU commitment of €21.35 million. Combined with the split commitments adopted in 2012, total EU commitments reached €28.85 million. Out of the 7 actions adopted in 2013, 5 actions fall under priority 2 of the amended ICI Regulation, namely Support to economic partnerships and business cooperation, and 2 actions fall under priority 3, People-to-People links/ European researcher mobility.

Main expenditure-related outputs 2013	No. of projects	€ million
Cooperation activities other than Official Development Assistance (Asia, Central Asia, Iraq, Iran and Yemen)	7	21.350
<b>Budget line 19 10 04</b>	7	21.350

#### **ACTIVITY 21 02 "FOOD SECURITY" - Specific Objective 1 is implemented according to the plan (Spending programme DCI).**

<b>Specific Objective 1: Improve food security in favour of the poorest and the most vulnerable and contribute to achieving MDG.</b>		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>1 Global Hunger Index (GHI).</b>	a. Reduction of number of countries in categories "alarming" and "extremely alarming" to <b>15</b> and <b>4</b> respectively in 2015; b. GHI average in Food Facility targeted	a. 2013 GHI alarming in <b>19</b> countries (in 2012: 20; in 2011: 22) and 'extremely alarming' in <b>3</b> countries (in 2012: 3; in 2011: 4);

	countries to be below <b>20</b> in 2015.	b. In 2013, GHI average in Food Facility targeted countries is 17,3% (in 2012: 18,2%).
--	------------------------------------------	----------------------------------------------------------------------------------------

### Main policy outputs 2013

In 2013 the Commission adopted a **Communication on “An EU policy framework to enhance maternal and child nutrition, with a particular focus on reducing both stunting and wasting”**. The policy framework goes hand in hand with the 2012 EU commitment to support partner countries in reducing the number of children who are stunted, by at least 7 million by 2025 and the EU pledge to devote €3.5 billion to reach this goal over the period 2014-2020. Furthermore, in 2013 the Commission has adopted an Implementation Plan of the 2010 EU Policy on Food Security (Staff Working Document) aimed at ensuring better coordination, coherence and complementarity of EU (EC and Member states) actions as well as transparent reporting and communication.

A **Nutrition Action Plan** and the first biannual Report of the Implementation plan are under preparation.

The EU consolidated its role as a **major contributor to global food and nutrition security governance in the context of the G8** (with the New Alliance for Food Security and Nutrition launched in May 2012 and the ‘Nutrition for Growth’ event in June 2013), the Scaling Up Nutrition movement, the Committee on World Food Security (in particular on land issues) and with EU Member states. At regional level under the **Global Alliance for the Resilience Initiative (AGIR)** in the Sahel and West Africa in 2013, the EU has been mobilising stakeholders and Technical and Financial Partners (TFPs) and providing both political and financial support thus ensuring high level political commitments come at country levels. It is foreseen that in the framework of the programming exercise for 2014-2020, €1.5 billion will be committed to strengthen resilience in Western Africa countries.

The EU continued to engage in political dialogue on food security with the African Union and Regional Economic Communities, particularly in the context of the Comprehensive Africa Agriculture Development Programme (CAADP), whose Development Partners Task team the EU is chairing. Enhanced strategic dialogue and cooperation with the three Rome-based UN agencies (FAO, IFAD and WFP) was also carried on, supported by the Food Security Thematic Programme (FSTP) among others.

The FSTP 2013 **Annual Action Programme** addressed MDG1 by tackling the structural causes of food insecurity at global, continental, regional and country level through the three components of the FSTP (see below). The actions proposed were all in line with the strategic priorities identified in the programming documents and seek to address several issues over the medium and long term having a bearing on food and nutrition security. Their coverage is primarily at global, continental and regional level. Concerning the research and technology transfer component, 2013 AAP supported the major provider on international agricultural research focused on developing countries, the **Consultative Group on International Agricultural Research (CGIAR)**, and the Global Forum for Agricultural Research (GFAR) which has a mandate to lead on the governance of Agricultural Research for Development (AR4D) and to ensure that all stakeholder groups are adequately represented. As institutional and individual capacity to make full use of research products and to promote innovation is a continuing constraint in particular in Africa, this year’s AR4D programme focused on capacity building in AR4D through support to sub-regional research organisations associated with the CAADP such as the Forum for Agricultural Research in Africa (FARA), the Association for strengthening Agricultural Research in Eastern and Central Africa (ASARECA), and the Centre for the Coordination of Agricultural Research and Development in Southern Africa (CCARDESA). With regards to the “Strengthened governance approaches for food security” component, actions were supported to make available and improve use of reliable and timely food security information and to develop sustainable statistical systems in selected African countries to produce and disseminate agricultural and rural statistics. In addition a programme in Asia was funded to build on regional initiatives to food security to specifically address chronic malnutrition, which provide an added value to country level operations.

The priority of the programme on “addressing food security for the poor and vulnerable in fragile situations” continued to strengthen **food security in individual countries in transition** by tackling structural causes of food insecurity, while promoting effective coordination of humanitarian and development actors and strengthening

resilience. Support was provided to Laos, Haiti, Djibouti, Central African Republic, South Sudan, Sudan and Democratic People's Republic of Korea – DPRK.

In addition, two implementation seminars were organised for the African countries and Caribbean countries respectively.

Main expenditure-related outputs 2013	Budget line	€ million
<b>1. Research, technology transfer and innovation to enhance food security</b> <ul style="list-style-type: none"> <li>Global public goods for food and nutrition security: Support to international agricultural research for development</li> <li>Support to the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA) 's operational plan II 2014-2018</li> <li>Support to the Forum for Agricultural Research in Africa (FARA)'s medium term operational plan 2014-2018</li> <li>Support to the Centre for Coordination of Agricultural Research and Development for Southern Africa (CCARDESA)</li> <li>Support to the Platform for African-European Partnership for Agricultural Research for Development (PAEPARD)'s competitive research fund component</li> </ul>	21 02 01	93.15
<b>2. Strengthened governance approaches for food security</b> <ul style="list-style-type: none"> <li>Platform for Agricultural Risk Management(PARM)</li> <li>Food Security Portal phase II</li> <li>Improving Agricultural statistics in Africa: support to the Global strategy</li> <li>Improving Food Security and Reducing Poverty through intra-regional Fish Trade in sub-Saharan Africa</li> <li>Strengthening institutional capacity to enhance governance of the fisheries sector in Africa</li> <li>Regional Support Programme for Food and Nutrition Security in South Asia (FANSSA)</li> <li>Support to Land Governance in Sub-Saharan Africa in the scope of the Voluntary Guidelines</li> </ul>	21 02 01	71.15
<b>3. Addressing food security for the poor and vulnerable in fragile situations</b> <ul style="list-style-type: none"> <li>Food Security and Nutrition Programme in Lao PDR.</li> <li>Food Security Thematic Programme (FSTP) 2013 – Haïti</li> <li>Supporting Horn of Africa's Resilience – « Projet de Sécurisation des Systèmes Pastoraux (PSSP) à Djibouti »</li> <li>Enhancing Resilience in Yemen: Strengthening Nutrition Systems NIGER – Renforcement de l'Initiative d'Accélération des Objectifs du Millénaire pour le Développement (IAOMD).</li> <li>Addressing food security for the poor and vulnerable in fragile situations – Central African Republic, Sudan, South Sudan</li> <li>Improving Food Security in the Democratic People's Republic of Korea - DPRK</li> </ul>	21 02 01	82.05
<b>Total Food Security thematic programme</b>	<b>21 02 01</b>	<b>246.35</b>

**ACTIVITY 21 03 “NON-STATE ACTORS AND LOCAL AUTHORITIES IN DEVELOPMENT (NSA/LA)” - Specific Objective 1 is implemented according to the plan (Spending programme DCI).**

<b>Specific Objective 1: Promote an inclusive and empowered society in partner countries facilitating non-state actors' and local authorities' participation in poverty reduction and</b>	<input checked="" type="checkbox"/> Spending programme
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------

sustainable development strategies.		
Result indicators	Target (result)	Current situation (as achieved)
<b>Number of Delegations consulting CSOs in a substantive way in the formulation of the needs assessment.</b>	A further increase in the number of Delegation consulting civil society and local authorities in a substantive way.	90% of the concept notes received under the formulation of the MIP 2014-2017 indicate that civil society and local authorities have been consulted in a substantive way.
Main policy outputs 2013		
<p>Recognising the important role of Civil Society in development, and in line with the Structured Dialogue on HQ level, Delegations were requested to undertake a continued and substantive <b>dialogue with Civil Society and Local Authorities</b> for their countries of responsibility in order to ensure the consultation and input of these actors in the formulation of development policies in the concerned countries in general and the NSA-LA programme in particular.</p> <p>Following the engagement with the Northern Local Authorities and Civil Society partners in constructive partnerships, and by having engaged with Delegations in the above described policy dialogue, Southern Local Authorities and civil Society Partners have emerged from this process with an improved capacity to contribute to development.</p> <p>Cooperation with Local Authorities in development, as a Commission emerging policy, required strengthened support in order to enhance LA participation in the thematic programme and to strengthen communication mechanisms and exchanges of experiences. The outputs and main conclusions of the LA supporting activity in the framework of the Structured Dialogue will be used for shaping strategic orientations.</p> <p><b>Platforms</b> (already supported under objective 3) played a stronger role via a strategic project (supported by NSA-LA programme up to 2015) for dialogue and development of the capacities of regional and local authorities in partner countries in the areas of development and local governance.</p> <p>The third edition of the <b>Assises of Decentralised Cooperation</b> was organised in April 2013 with the participation of more than 700 Local Authorities from Europe and partner countries of the EU, in order to discuss together with partners the possibilities to improve development cooperation between local and regional authorities in the EU and their counterparts in third countries.</p>		
Main expenditure-related outputs 2013	Budget line	€ million
Projects to finance in-country initiatives implemented by Civil Society		
• Projects with Non State Actors	21 03 01	145.4
• Projects with Local Authorities	21 03 02	28.7
Projects to finance multi-country initiatives		
• With Non State Actors	21 03 01	28.3.
• With Local Authorities	21 03 02	3.2
<b>Total</b>		<b>205.6</b>

**ACTIVITY 21 03 “NON-STATE ACTORS AND LOCAL AUTHORITIES IN DEVELOPMENT (NSA/LA)” - Specific Objective 2 is implemented according to the plan (Spending programme DCI).**

<b>Specific objective 2: Promote awareness-raising and development education in the EU and acceding countries relating to development issues.</b>	<input checked="" type="checkbox"/> Spending programme
---------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------

Result indicators	Target (result)	Current situation (as achieved)
<b>Percentage of European citizens that support EU helping developing countries.</b>	An increase in the percentage of Europeans convinced that EU needs to continue supporting developing countries.	The last Eurobarometer regarding development (No. 392) was published in October 2012. It concluded that "85% of Europeans think it is important to help people in developing countries. This figure has changed very little since 2009, when the figure was 88%."
<b>Percentage of European citizens that identify poverty as the main problem in the developing world.</b>	An increase in the percentage of Europeans that identify poverty as the predominant challenge in developing countries.	<i>See above.</i>
<b>Main policy outputs 2013</b>		
<p>Further to the Study on <b>Development Education and Awareness Raising</b> (DEAR, a supporting initiative to the Structured Dialogue), the Commission successfully implemented the conclusions of this important strategy building and stakeholder consultation exercise. In particular, the DEAR programme further progressed, focusing on i) the complementarity with Member States actions' in the field and ii) on the pan-European dimension of the programme. In parallel, the Commission also strengthened its exchanges with Member States in an effort to strengthen its position regarding DEAR.</p>		
<b>Main expenditure-related outputs 2013</b>		<b>Budget line</b>
Projects of "Public awareness and education for development in Europe"		<b>€ million</b>
<ul style="list-style-type: none"> <li>• with Non State Actors</li> </ul>		21 03 01
<ul style="list-style-type: none"> <li>• with Local Authorities</li> </ul>		21 03 02
<b>Total</b>		<b>35.0</b>

**ACTIVITY 21 03 "NON-STATE ACTORS AND LOCAL AUTHORITIES IN DEVELOPMENT (NSA/LA)" - Specific Objective 3 is implemented according to the plan (Spending programme DCI).**

Specific Objective 3: Facilitate coordination and communication of NSA and LA networks in EU and acceding countries.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>Number of representative NSA&amp;LA platforms strengthened in their development component</b>	<p>8 NSA&amp;LA platforms strengthened in their development component</p> <p>11 platforms are stakeholders of the Structured Dialogue Process.</p>	<ul style="list-style-type: none"> <li>• The engagement with PLATFORMA (the European Local and Regional authorities platform) was continued in the framework of two networking projects, of which one was completed in 2013 and continued by a new project for networking in Europe (from July 2013 to June 2016).</li> <li>• A total of 12 NSA platforms were strengthened in their development component through the NSA-LA previous call and 3 through direct EU support.</li> <li>• A total of 13 platforms were stakeholders of the newly established Policy Forum for Development, as a follow-up to the Structured Dialogue.</li> </ul>



<p><b>Degree of quality of the dialogue between the European Institutions and representative platforms</b></p>	<p>Set of commitments and recommendations agreed upon at the conclusion of the Structured Dialogue.</p>	<p>A substantial and quality dialogue with representative regional and global platforms of the EU and the partner countries, took place in the Policy Forum on Development (PFD). Two meetings of the PFD took place (June and November 2013) during which consultation on issues related to policies and programmes were held. Recommendations put forward were integrated in policy and operational documents such as the LA Communication of May 2013, the CSO Country Roadmaps and the CSO-LA programme. The PFD was also an opportunity for other thematic programmes to consult with CSOs and LAs.</p>
----------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

### Main policy outputs 2013

The **Communication "Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes"** was adopted in May 2013. It defines a more strategic engagement between the EU and Local Authorities in partner countries, to unlock their full potential as the public institutions closest to citizens, focusing on participatory decision-making at the local level and territorial dimension of development. The implementation of the policy will be grounded on two pillars, good governance at the local level and territorial approach to development; and will aim at four main strategic priorities, such as support to decentralisation reforms, capacity development of Local Authorities, smart solutions towards sustainable urbanisation and reinforcing Associations of Local Authorities at national, regional and international levels.

The Commission also took the first steps towards implementing the Communication adopted in September 2012: 'The Roots of **Democracy and Sustainable Development**: Europe's Engagement with Civil Society in External Relations', by proposing a more strategic approach to EU engagement with local CSOs and further developing the principles adopted in the Agenda for Change and in the new policy on budget support, with a focus on the work of civil society to build stronger democratic processes and accountability systems, and to achieve better development outcomes.

As a follow-up to the Structured Dialogue, and after an 18 months consultative process with CSOs and LAs, in 2013 the Commission established the **Policy Forum on Development (PFD)**, a permanent space for dialogue on EU development issues. The PFD also included participation from Member States, and relevant EU institutions and bodies (EEAS, EP, EESC, CoR, EIB).

The strengthening of European CSO and LA platforms continued in 2013 via direct support from the NSA-LA programme, as well as through an increased role in the debate on development policy as the representative voiced of European Local (and regional) Authorities active in development.

Main expenditure-related outputs 2013	Budget line	€ million
Projects to finance civil society networks and associations of local authorities		
<ul style="list-style-type: none"> <li>• with Non State Actors</li> </ul>	21 03 01	7.039
<ul style="list-style-type: none"> <li>• with Local Authorities</li> </ul>	21 03 02	0.865
<b>Total</b>		<b>7.904</b>

**ACTIVITY 21 04 “ENVIRONMENT AND SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES, INCLUDING ENERGY” - *Specific Objective 1 is implemented according to the plan (Spending programme DCI).***

Specific Objective 1: Assist developing countries in preparing for climate-resilient low-emission development and contribute to more fruitful policy dialogue and negotiations; promote access to sustainable and affordable energy services.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<ul style="list-style-type: none"> <li>• Number of countries having good quality greenhouse gas emissions data reporting systems</li> <li>• Number of countries that have worked out a low-emission development strategy</li> <li>• Number of countries that have integrated industrial sector emissions</li> </ul>	<ul style="list-style-type: none"> <li>• At least 10 (more advanced) developing countries by 2015</li> <li>• At least 10 (more advanced) developing countries have ascertained a low-emission development strategy by 2015.</li> <li>• 12 developing countries with market readiness pilots on emissions trading by 2015.</li> <li>• 5 developing countries have integrated industrial sectors in their Low Emission Strategies by 2015</li> <li>• 4 countries have integrated cities in Low Emission Development Strategies by 2015</li> </ul>	<ul style="list-style-type: none"> <li>• The Greenhouse gas monitoring, reporting and verification action is ongoing in 30 developing &amp; emerging countries.</li> <li>• Low Emission Development Strategies finalised or being drafted in 20 developing countries<sup>28</sup>.</li> <li>• Industrial sector integrated in Low Emission strategies of 8 developing countries.</li> <li>• Market readiness pilots on emission trading are being elaborated in 5 developing or emerging countries.</li> </ul>
<p><b>Percentage of poor and most vulnerable developing countries (LDCs/SIDS) which have mainstreamed climate change in their development strategies so as to increase their resilience.</b></p>	<p>At least 60% of the poorest and most vulnerable developing countries (LDCs/SIDS) have adopted substantive strategies to mainstream climate change resilience in development by 2013. This constitutes an essential precondition for their capacity to absorb additional climate funding in a meaningful and effective manner.</p>	<p>46 out of 48 LDCs have prepared a National Adaptation Programme of Action (NAPA), however often not in an integrated and strategic manner. Only few other vulnerable countries (SIDS in particular) start preparing similar adaptation programmes or strategies (NAPs)<sup>29</sup>.</p>
<b>Main policy outputs 2013</b>		
<p>In 2013, the European Commission committed additional €47 million for financing 9 new GCCA interventions in Chad, Comoros, Djibouti, Myanmar, Haiti, Malawi, Mauritania, Sao Tome e Principe and Tanzania. With the approval of these new GCCA-supported interventions, the GCCA portfolio has increased from 4 pilot projects in 2008, to supporting 48 national and regional programmes across 37 countries and 8 regions and sub-regions around the world, with an envelope of close to €300 million.</p>		

<sup>28</sup> 2012 data.

<sup>29</sup>

[http://unfccc.int/files/cooperation\\_support/least\\_developed\\_countries\\_portal/napa\\_project\\_database/application/pdf/napa\\_index\\_by\\_country.pdf](http://unfccc.int/files/cooperation_support/least_developed_countries_portal/napa_project_database/application/pdf/napa_index_by_country.pdf)

The Commission continued its engagement in supporting the development of Reduced Emissions from Deforestation and forest Degradation (REDD+) both through funding to general methodological work and through support to developing countries in building the systems to receive results-based payments for REDD+ readiness. The Commission also contributed technically and financially to the Global Forest Resource Assessments, with particular attention to Africa's forests.

Promotion of access to sustainable energy sources and services, renewable energy and energy efficiency, and enhancement of energy security in developing countries notably in Africa, through technical assistance, grant support and blending.

Support to the climate change package in the area of the "carbon market", "Monitoring, Reporting and Verification" and "low emissions development strategies", including in sectors like aviation and ODS substances. Further intensification of capacity building activities to develop appropriate policies and mitigation actions ready for financing in developing countries (fossil fuel subsidies, help through Centres of Excellences, transfer of technology).

€5 million was the Joint Research Centre. The initiative strengthens national capacities to report on REDD+ and explores cutting-edge research methods for assessing emissions from deforestation and forest degradation. Linkages between the EU Forest Law Enforcement Governance and Trade (FLEGT) and REDD+ have also been further promoted at country level through the work of the EU REDD Facility.

Main expenditure related outputs 2013	€ (million)
Global Climate Change Alliance	47
Support to developing countries in mitigating greenhouse gas emissions linked to the Copenhagen Accord	19.5
Actions to promote REDD	5
Technical Assistance Facility for the SE4All Initiative	40.3
EC Contribution to Sustainable Energy for All (SE4All) – Coordination, Dissemination and Tracking the Global Effort	2
<b>Total budget line 21 04 01</b>	<b>113.8</b>

**ACTIVITY 21 04 "ENVIRONMENT AND SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES, INCLUDING ENERGY" - Specific Objective 2 is implemented according to the plan (Spending programme DCI).**

Specific Objective 2: Assist developing countries in preventing environmental degradation, biodiversity loss and unsustainable use of natural resources, while improving the resource efficiency of economic growth and reducing pollution		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<p><b>Rate of global biodiversity loss</b></p> <p><b>Global deforestation rate</b></p> <p><b>Percentage of Timber imports of illegal origin entering the EU.</b></p>	<p>Target(s) agreed at the Conference of the Parties of the Convention on Biological Diversity (CBD), Nagoya, October 2010.</p> <ul style="list-style-type: none"> <li>Halve tropical deforestation by 2020 and halt global deforestation by 2030</li> </ul>	<p>More than a third of species assessed are endangered or facing extinction and an estimated 60% of the Earth's ecosystems have been degraded in the last 50 years. Steady trends to further loss are confirmed by Indicators like IUCN's Red List Index and WWF's Living Planet Index.</p> <ul style="list-style-type: none"> <li>Current gross global deforestation rate: 13 million hectares per annum. (Source FRA FAO).</li> <li>Current estimate of 20% of timber imports into the</li> </ul>

	<ul style="list-style-type: none"> <li>Less than 1% of timber of illegal origin enter the EU market.</li> </ul>	EU of illegal origin. Independent Market Monitoring and assessment of the EU TR in 2015 will bring more accurate data.
<b>Number of Voluntary Partnership Agreements (VPAs to improve forest governance and tackle illegal logging) concluded and ratified.</b>	<p>14 countries in VPA preparation, negotiation or implementation by end 2012.</p> <p>FLEGT-licensed timber to enter Europe at latest by mid-2013.</p>	<p>18 countries engaged in VPA processes:</p> <ul style="list-style-type: none"> <li>5 VPAs ratified (<i>Cameroun, Central African Republic, Ghana, Congo, Liberia</i>);</li> <li>1 VPA awaiting ratification (<i>Indonesia</i>);</li> <li>9 VPAs in negotiation (<i>Malaysia, Vietnam, Gabon, Democratic Republic of Congo, Guyana, Lao PDR, Honduras, Ivory Coast and Thailand</i>);</li> <li>2 VPAs in preparation (<i>Myanmar and Cambodia</i>).</li> </ul> <p>Indonesia's national legality verification system is up and running but needs improvements before the country can issue the first FLEGT licenses. Both Indonesia and Ghana have the ambition to issue their first licenses by early 2015.</p>
<b>Number of relevant additional actions supporting developing countries in Green economy related activities (GE) and/or Sustainable Consumption and Production (SCP) practices.</b>	<p>36-40 countries have initiated actions supporting the GE and or SCP (transformation towards inclusive GE).</p>	<p>In 2013, EuropeAid has developed a programme called SWITCH Africa Green, aiming at supporting private-sector-led green growth in 6 African countries.</p>

### Main policy outputs 2013

Key EU priorities for 2013 include:

- Development of policy to support implementation of the global biodiversity targets agreed in Nagoya and Hyderabad. In the context of the 2014-2020 Multiannual Financial Framework, EuropeAid has prepared in 2013 the launch of a **new thematic flagship, the Biodiversity for Life Initiative (B4Life)**. With a strong accent on the linkages between ecosystems and livelihoods, B4Life aims to tackle the biodiversity crisis by promoting good governance of natural resources, securing healthy ecosystems for food security, and using natural capital as a driver for green economy.
- A growing number of countries are willing to work with the EU in the framework of the **FLEGT Action Plan**; the number of countries engaged in VPAs has increased. The VPAs are ambitious and touch complex and sensitive issues: their implementation entails significant challenges. With the exception of CAR, the countries that have concluded VPAs are making progress in the development of timber legality verification and licensing systems, although at a slower pace than anticipated. Indonesia and Ghana are moving now to a full operational system. Verification of the Indonesia Legality System is now complete and the country is moving to the final stage of issuing FLEGT licenses.
- The **EU Timber Regulation** (EU TR) entered into force in March 2013. The EU TR and FLEGT more broadly, have contributed to a major shift in market sentiment against illegal timber. The EU TR introduces legislation that prohibits the import of illegal timber on the EU market. Operators should exercise due diligence to ensure that the timber is from a legal sources and therefore should comply with the laws of the country of origin.
- Development of policies, strategies and actions to respond to Rio+20 Declaration "The Future We Want" invitation to all relevant stakeholders to support developing countries – and in particular least developed countries - upon request to achieve sustainable development including through green economy policies.

Main expenditure-related outputs in 2013	€ (million)
EU Forest Law Enforcement Governance and Trade (FLEGT) Voluntary Partnership Agreements between the EU and interested partner countries as well as actions to promote sustainable management of forests and REDD	20
Activities to implement the EU Action Plan on Biodiversity and sustainable land management	27.875
SWITCH Africa Green	19
<b>Total budget line 21 04 01</b>	<b>66.875</b>

**ACTIVITY 21 04 "ENVIRONMENT AND SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES, INCLUDING ENERGY" - Specific Objective 3 is implemented according to the plan (Spending programme DCI).**

Specific Objective 3: Improve international environment and climate governance which is shaped by the external dimensions of the EU's environment and climate change policies and provide methodological and governance tools appropriate to developing countries. Improve mainstreaming of environment and promote governance and transparency of natural resources management.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<p><b>Level of progress towards a "greener", resource efficient global economy as <i>inter alia</i> reflected by clear policy commitments at the international level.</b></p>	<p>Increase in the number of countries and international organisations applying green economy and resource efficiency approaches in the national policies.</p>	<p>Rio+20 conference on sustainable development (June 2012) has in particular:</p> <ul style="list-style-type: none"> <li>recognised Green Economy (GE) as an important tool to achieve sustainable development and poverty eradication;</li> <li>adopted the 10 Years Framework Programme on Sustainable Consumption and Production (SCP);</li> <li>decided to develop Sustainable Development Goals that would be global and coherent with post-2015 agenda.</li> </ul> <p>In 2013, significant progress was achieved in particular on:</p> <ul style="list-style-type: none"> <li>concrete operationalisation of Partnership for Action on Green Economy (PAGE-UN led initiative) and other global initiatives promoting the GE transformation;</li> <li>the 10-YFP on SCP was officially launched and its board created, allowing to initiate concrete work on this initiative aiming to support capacity building, and facilitate access to technical and financial assistance for developing countries for the shift to SCP.</li> </ul> <p>8 sessions of the Open Working Group on SDG were held, with environmental sustainability and climate change as essential elements to promote inclusive and sustainable growth.</p>

<p><b>Degree of ratification and implementation of major Multilateral Environmental Agreements (MEAs).</b></p>	<p>All MEAs are fully implemented by all parties. Adoption of a legally binding international instrument on mercury emissions by 2013. Adoption of a legally binding international instrument on mercury emissions by 2013.</p> <p>Entry into force of the Nagoya Protocol on access and benefit-sharing of genetic resources.</p>	<p>Some 14 major MEAs are currently in force in all fields related to environment and climate change. The Minamata Convention on Mercury was adopted.</p> <p>Parties to the Convention on Biological Diversity (CBD) are committed to have the Nagoya Protocol into force and operational by 2015. The EU and its Member States expect to become full Parties to the Protocol by the time of its entry into force. Not all of the Nagoya Protocol's legally binding obligations on states are currently implemented in EU law or in the national laws of EU Member States. Some new laws are necessary, particularly on the Protocol's provisions that relate to government measures for overseeing compliance of their researchers and companies using genetic resources.</p>
----------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

### Main policy outputs 2013

- Further work was done to mainstream climate change adaptation and mitigation considerations into the overall EuropeAid portfolio. A specific achievement in 2013 was to provide **guidance to Delegations** on how strengthen the focus **on climate change integration** in the programming of the 2014-2020 MFF to respond to the needs of developing countries for support in this domain as agreed in the UNFCCC, and to meet the overall EU budget target of 20% climate relevance.
- The dialogue and alliance building with LDCs and SIDS' with regards to climate change were further strengthened through the **Global Climate Change Alliance** (GCCA). The GCCA started activities in 8 new countries: Haiti, Comoros, Chad, Djibouti, Malawi, Mauritania, Myanmar, and Sao Tome & Principe. In Tanzania a phase GCCA programme was improved. Further, a major Global Policy event was organised to exchange learning and views on climate change mainstreaming and climate finance effectiveness.
- The outcomes of the Rio +20 Summit<sup>30</sup>, the UNFCCC<sup>31</sup> work to include approaches to address loss and damage from impacts of climate change and extensive international support for the resilience agenda, as well as the Action Plan for Resilience in Crisis Prone Countries adopted in June 2013 have contributed to demonstrate that the issues of risk reduction and disaster management are recognised as essential components of sustainable development and economic growth to ensure societies and economies will become more resilient to disasters.
- In May 2013, the 4<sup>th</sup> Global Platform on Disaster Risk Reduction presented and agreed on a roadmap to prepare a renewed international framework for disaster risk reduction post-2015, and to build on the successes of the Hyogo Framework of Action (HFA) to better address the challenges of increasing risks in the future. The revision of the HFA is an opportunity for the EU to take stock of the policies developed and progress made in building **resilience and disaster risk management** through EU policy and financial support through development cooperation and humanitarian aid. DG EuropeAid contributed in 2013 to the consultations on a new Communication led by DG ECHO, with the aim of setting out the Commission's initial views on the shaping of the post 2015 Hyogo Framework for Action.

<sup>30</sup> 2012 United Nations Conference on Sustainable Development.

<sup>31</sup> United Nations Framework Convention on Climate Change.

- The EU increased its support to policy-level actions in support of the CBD Strategy for Resource Mobilisation, such as the assessment of funding needs for **biodiversity** and the integration of biodiversity-related values into national accounting and planning. The EU provided support to UNEP (TEEB National Implementation), to UNDP (Biodiversity Finance Initiative) and to the WB (Wealth Accounting and Valuation of Ecosystem Services, WAVES). While those commitments were formalised in 2012, they actually started operating in 2013, showing promising preliminary results. The EU also participated to the CBD Expert Group on Biodiversity for Poverty Eradication and Development, with the purpose to propose a set of policy recommendations and guidance and a roadmap for its implementation by the Parties to the CBD.

Main expenditure-related outputs in 2013	€ (million)
Support to External Environment Policy should include: <ul style="list-style-type: none"> <li>Replenishment of the Strategic Cooperation Agreement with UNEP (signed in 2011) and the MEAs for which UNEP provides the secretariat (e.g. Biodiversity, Chemicals and Waste, Trade in endangered species Conventions)</li> <li>Follow-up to the UN Conference on Sustainable Development ("Rio+20")</li> <li>Help for implementation of relevant CBD COP 11 Decisions through partners other than UNEP</li> <li>Capacity building under the UN Convention to Combat Desertification</li> <li>Assistance to allow effective input by developing countries partners in various international negotiations</li> </ul>	11.7
Support to External Climate Change Policy should include: <ul style="list-style-type: none"> <li>Climate change convention and dialogue with 3rd country partners</li> <li>Support to the follow up and implementation of the Durban platform for enhanced action (UNFCCC)</li> <li>Promotion of enhanced monitoring reporting and verification (MRV) practices in developing countries</li> <li>Provisions for the interim secretariat of the Green Climate Fund to secure its operationalisation</li> <li>Support to TEAP chairs work in the context of the Montreal protocol (400K through the ENV UNEP SCA; covers 2012-13)</li> <li>Effective input from developing countries to the international climate negotiation process</li> <li>Dissemination of relevant climate science (IPCC), and research on developing country benefits from the new climate regime</li> <li>Support to work Low Emissions Development Strategies (LEDS) in developing countries</li> </ul>	9.4
Activities promoting environmental integration in partner countries and addressing poverty environment linkages , among others: <ul style="list-style-type: none"> <li>Climate change and water in Latin America and Caribbean</li> <li>Water for growth and poverty reduction in the Mekrou transboundary river basin (Burkina Faso, Benin and Niger)</li> </ul>	15
<b>Total budget line 21 04 01</b>	<b>36.1</b>

**ACTIVITY 21 05 "HUMAN AND SOCIAL DEVELOPMENT" - Specific Objective 1 is implemented according to the plan (Spending programme DCI).**

Specific Objective 1: Good health for all: strengthening health systems to provide services for those in need.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)

<b>Number of people benefiting from access to prevention treatment and care in the area of HIV/AIDS and malaria.</b>	Universal access to AIDS treatment by 2015 (21.9 million); universal coverage for Long Lasting Insecticide-treated Nets (LLIN) (264 million LLIN distributed annually).	Eight million people were receiving antiretroviral therapy for HIV at the end of 2011. This represents an increase of about 1.4 million people from December 2010. <sup>32</sup> By 2011, over a third of children under five slept under insecticide-treated mosquito nets, up from less than 5 per cent in 2000. Current levels of insecticide-treated bednet use by children are still well below the target of universal coverage. In 2012, the number of treated mosquito nets delivered to countries in sub-Saharan Africa (66 million) was less than half the number delivered in 2010 (145 million). <sup>33</sup> Globally, 136 million LLIN were distributed in 2013. <sup>34</sup>
<b>Percentage of births attended by skilled attendants.</b>	100 % in 2015.	66 % in 2011. <sup>35</sup>
<b>Population / Health worker ratio.</b>	At least 2.5 health workers per 1000 population in all countries by 2015. <sup>36</sup>	83 countries do not currently meet the 2006 World Health Report threshold of 2.28 skilled health professionals per 1 000 population. <sup>37</sup>

#### Main policy outputs 2013

The thematic actions built on the experience accumulated in 2007-2012 as well as on the **Policy for EU's Role in Global Health** adopted in 2010, and continued to provide support to initiatives that have proved successful, while exploring new ways to complement actions supported through the geographic and intra-ACP programmes. In 2013, the thematic programme continued its strong support to the **Global Fund to Fight AIDS, Malaria and Tuberculosis** (GFATM) including for its revised funding model that is much more in line with country processes. In addition, in line with the objectives of the Cairo Agenda on reproductive health, a call for proposals to support civil society organisation and other non-state actors in providing **advocacy and family planning services** was launched in 2013. The programme also supported actions to mitigate **Polio** eruption in Horn of Africa. Moreover, a call for proposals was launched to increase the capacity of **health systems** to respond to basic health needs of population, with specific focus on building capacity of public health institutions.

Main expenditure-related outputs 2013	Budget line	€ million
Programmes strengthening health systems, improving health services and supporting capacity of partner countries to confront health challenges.	21 05 01 01	28
Confronting main communicable diseases (HIV/AIDS, malaria and tuberculosis) through the support of access to prevention, care,	21 05 02	54.5

<sup>32</sup> MDG report 2013, UN.

<sup>33</sup> MDG report 2013, UN.

<sup>34</sup> Estimation for 2013, World Malaria Report 2013, WHO.

<sup>35</sup> MDG report 2013, UN.

<sup>36</sup> The number of countries publishing official data on a regular and consistent basis is low due to very weak human resource information systems in many countries. Both the frequency and periodicity of data severely limits comparison of progress over time and has put the usefulness of this indicator into question.

<sup>37</sup> GHWA & WHO report 2013, A universal truth: no health without a workforce.



treatment, and support		
Programmes promoting implementation of the Cairo agenda on sexual reproductive health and rights including provision of Commodities and supporting civil society organisations in the countries with the worst indicators.	21 05 01 01	28
<b>Total</b>		<b>110.5</b>

**ACTIVITY 21 05 “HUMAN AND SOCIAL DEVELOPMENT” - *Specific Objective 2 is implemented according to the plan (Spending programme DCI).***

<b>Specific Objective 2: Equal opportunities for education, knowledge and skills: enabling all children, boys and girls alike, to complete a full course of quality basic education and stimulate employability in developing countries through the development of better skills.</b>		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>Gender disaggregated net enrolment rates in primary education.</b>	100% by 2015	91% M/89% F (data from school year ending in 2011)
<b>Percentage of children to complete a full course of primary schooling.</b>	100% in 2015	73% = survival rate to last grade as a proxy for completion (data from school year ending in 2010)
<b>Main policy outputs 2013</b>		
<p>The <b>EU High-Level Conference on Education and Development</b>, requested by Commissioner Piebalgs, was successfully organised in May 2013 and attended by more than 150 attendees from the education community. Conference results included the announcement of the EU future commitment to education; input to the global debates on education on post-2015 agenda, including the definition of Commission-internal position; alerted to the disconnect between development and humanitarian support; strong partner country voice; high visibility for the Commissioner and EuropeAid; support to the Commissioner’s high-level profile in a series of “Global Education First Initiative” meetings of the UN Secretary General, the WB President and UN Special Envoy for Global Education, Gordon Brown, in April and September. Stronger links were created in country level work with the EUDs concerned and at global level with Gordon Brown’s office.</p> <p>Commission-internal <b>position on education in the Post-2015 agenda</b> was prepared in coordination with relevant EuropeAid units, other DGs concerned and EEAS. An EU MS Education Experts meeting was organised in April 2013 on education in the post-2015 agenda in preparation for the EU conference and preparing for the Board meeting of the Global Partnership for Education. Increased interest, attendance and ownership were showed by the MS.</p> <p>Coordination (across geographic units, EEAS and unit 02) and development of the EuropeAid <b>position on Erasmus+</b> were achieved, while continuous technical support on Erasmus+ was provided for the DDG, CAB and relevant EuropeAid units.</p> <p>In line with the mid-term review, the programme focused on priorities outlined in the Commission staff working document "More and Better Education in Developing Countries" of 2010 and the "Agenda for Change" of 2011. These priorities include access to basic education, quality of education and balanced development of the sector. In this context, the 2013 programme provided continued support to global initiatives and regional platforms which complement country actions.</p>		

In the area of **Technical Vocational Education and skills Training (TVET)**, previous work on ways to address the needs of the informal economy was continued. In this sense, the TVET allocation was merged with the Social Cohesion one into a common call for Proposals "Empowerment for better livelihoods for marginalised and vulnerable persons and people dependent on the informal economy" (total €44 million, of which €27 million from budget line 21 05 02 and €17 million from 21 05 01 03)<sup>38</sup>.

Main expenditure-related outputs 2013	Budget line	€ million
Contribution to relevant global initiatives and support of policy and technical platforms for policy dialogue, transfer of experience, best practices and innovation for delivery of free and universally available quality basic education	21 05 01 02	13.493
Actions supporting empowerment for better livelihoods for vulnerable people and informal workers	21 05 01 02	27.2
<b>Total</b>		<b>40.693</b>

**ACTIVITY 21 05 "HUMAN AND SOCIAL DEVELOPMENT" - Specific Objective 3 is implemented according to the plan (Spending programme DCI).**

Specific objective 3: Gender equality: promoting the rights of women and strengthening their economic and social empowerment.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>Level of political representation of women (proportion of seats held by women in parliaments and other government bodies).</b>	Further increase in political representation of women by 2015 and positive trend throughout the period.	In December 2013, women accounted for 21.4% of parliamentarians worldwide (1% more than in 2012), remaining still very far from balanced representation. Apart from the Pacific region, where women representation increased from 12.7% in 2012 to 15.9% in 2013, elsewhere the progress has been extremely slow: +0.6% in sub-Saharan Africa (from 21.2% to 21.8%) and +1.1% in the Americas (from 23.9% to 25%). In the Pacific region there was a decrease in the representation of women in politics (17.4% in 2013, while they were 18.4% in December 2012). And the progress was not significant in the Arab States, where women cover only 15.9% of seats in parliaments. The situation in executive bodies did not change significantly: only 19 countries (17 in 2012) have women Head of Government, Head of State or both however this has doubled since 2005. (Source UPI).
<b>Gender parity in primary and secondary education.</b>	Eliminate gender disparity in primary and secondary education in all countries by 2015	Gender Parity Index in primary education 0.97 Gender Parity Index in secondary education 0.96 (data from school year ending in 2011).

<sup>38</sup> See Specific Objective 4.

Main policy outputs 2013		
In line with the mid-term review of the programme, the total amount available for thematic action on gender equality for the period 2011-2013 was programmed in 2011 and committed in 2012. As planned, the objective was not covered in 2013.		
Main expenditure-related outputs 2013	Budget line	€ million
Programmes supporting the initiatives with a focus on protection and promotion of women's rights, strengthening economic and social empowerment of women and development/testing of innovative approaches to the mainstreaming of gender equality in national policies, planning and budgeting.	21 05 01 04	p.m.

**ACTIVITY 21 05 "HUMAN AND SOCIAL DEVELOPMENT" - Specific Objective 4 is implemented according to the plan (Spending programme DCI).**

Specific Objective 4: Promoting employment decent work, social protection, social inclusion and social cohesion; children's rights and access to culture.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<p><b>i. Employment / population ratio;</b></p> <p><b>ii. Proportion of employed people living on less than \$1.25<sup>39</sup> a day (% of total employment).</b></p> <p><i>NB: The target for SO4 cannot be measured by using a unique indicator but it is a result of a combination of the two proposed indicators, also in line with the MDG framework.</i></p>	<p>i. Positive trend towards full, productive and decent employment by 2015. (Trend of employment / population ratio is positive over the period.</p> <p>ii. Proportion of employed people living on less than \$1.25 a day (% of total employment) is decreasing over the period.)</p>	<p>i. The average Employment-to-Population Ratio (EPR) for developing regions from 2007 to 2012, experienced a decline of 0.9 percentage point. Within this group, the largest declines were found in Southern Asia and Eastern Asia, which saw drops in the employment-to-population ratio of 2.1 and 1.5 percentage points respectively. During 2012, global economic growth slowed even further, substantially weakening the employment generating capacity of national economies.</p> <p>ii. The average percentage of working poor continued to decline in developing countries, albeit at a slower rate than during previous decades. When looking at regional estimates we see different trends from decreases in Southern Asia, Eastern Asia, or Oceania to slight increases in Sub-Saharan Africa, Latin America and the Caribbean and Caucasus and Central Asia. In developing regions, the working poor constituted 15.1 % of the employed labour force in 2012, down from 32.3 % in 2001 and 48.2 in 1991. However, new ILO estimates show that, in addition to the workers that are extremely poor,</p>

<sup>39</sup> \$1.25 a day is a benchmark defined in MDG 1.

		19.6 per cent of workers and their families are 'moderately poor'—living on \$1.25 to \$2 a day—and 26.2 % of workers are 'near poor', living on \$2 to \$4 a day. Altogether, 60.9 percent of the developing world's workforce remained poor or 'near poor' in 2011, living on less than \$4 a day <sup>40</sup> .
<b>Percentage of children engaged in hazardous work (Hazardous work is used as a proxy for the worst forms of child labour).</b>	Elimination of worst forms of child labour, as defined by article 3 of ILO Convention No.182 by 2016. Positive trend over the period.	According to the 2013 ILO report, <sup>41</sup> the number of children aged 5-17 years in hazardous work declined from 115 million in 2008 to 85 million in 2012. With the 2013 Brasilia Declaration on Child Labour, the EU continues to be actively engaged also by promoting the establishment of up-to-date hazardous work lists and forced labour Convention. Past and ongoing targeted interventions and the holistic approaches within the human development programmes have and will contribute to this objective.
<b>Size of cultural economic activity in Africa and developing countries in other regions.</b>	Increase the contribution of the cultural economic activity to economic growth and social development.	Contribution of developing economies to world exports of creative goods <sup>42</sup> in 2010: 48%, out of which: <ul style="list-style-type: none"> <li>• Asia: 45.4% (China: 32.5%);</li> <li>• Latin America and Caribbean: 2%</li> <li>• Africa: 0.6%</li> </ul>

#### Main policy outputs 2013

In line with the mid-term review of the thematic strategy for human and social development Investing in People, 95% of the foreseen resources available for the thematic action on **employment, decent work and social cohesion** in 2011-2013 (€42.3 million) were programmed in 2013, building on the experience and results of the 2007-2010 programme and on the recent communications "An Agenda for Change" and "Social Protection in EU Development Cooperation".

In order to increase action coherence and effectiveness, **Social Cohesion was associated with Technical Vocational Education and skills Training** into a common call for Proposals "Empowerment for better livelihoods for marginalised and vulnerable persons and people dependent on the informal economy" (€17 million from BL 21.050103).

In 2013, the programme component 'fighting all forms of violence against children' was not covered, as the budgetary allocation was made in 2012 for this.

In the area of **Culture**, the programme continued its support to the capacity-building of cultural actors for the development of a dynamic cultural sector in partner countries, contributing to job creation and economic growth. In addition, it supported the role of culture in promoting social inclusion and intercultural dialogue, as well as democratisation, conflict resolution and reconciliation.

<sup>40</sup> MDG Report Statistical Annex 2013: Millennium Development Goals, Targets and Indicators, 2013.

<sup>41</sup> ILO 2013 "Marking progress against child labour, global estimates and trends 2000-2012".

<sup>42</sup> There are no world data available regarding economic growth and social development through culture. Besides, statistical records of some developing countries suffer considerable gaps due partially to cultural production taking place in the informal sector. The [UNCTADSTAT](#) website provides data on exports of creative goods from 2002 to 2010, which are not the main drivers for the target set. However, it is a source available to help profile world trends in the sector.

Main expenditure-related outputs 2013	Budget line	€ million
Programmes promoting employment, decent work, social protection, social inclusion and social cohesion	21 05 01 03	38.3
Programmes fighting all forms of violence against children	21 05 01 03	-
Programmes stimulating access to local culture, protection and promotion of cultural diversity	21 05 01 03	2
<b>Total</b>		<b>40.3</b>

**ACTIVITY 19 02 “ COOPERATION WITH THIRD COUNTRIES IN THE AREA OF MIGRATION AND ASYLUM” - Specific Objective 1 is implemented according to the plan (Spending programme DCI).**

Specific objective 1: Ensure that migration contributes positively to development in the countries of origin.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>Cost of remittance transfers</b>	Contribute to the 5 percentage point reduction of the global average cost of transferring remittances by 2014 with a specific focus on the most expensive corridors.	Contributed to the target through the implementation of the global initiative 'Financial Facility for Remittances' and through the 'African Postal Initiative' focusing on reducing the costs of cross-border financial transfers. In addition, in the framework of the G-20 commitment on remittances, conference was organised with relevant stakeholders (policy makers, central banks, private sector, NGOs, IOs) on sharing best practices on reducing remittances costs.
<b>Level of involvement of diaspora organisations in development related projects</b>	At least 50 diaspora organisations will be involved in the implementation of development projects by 2013.	Target achieved end of 2013.
<b>Number of third countries supported in the design and implementation of a migration strategy and/or in mainstreaming migration into development strategies</b>	10 countries with high impact of migration on their development will design their migration policy and/or mainstream migration into development strategies by 2014	In the frame of the MIEUX facility: <ul style="list-style-type: none"> <li>Senegal adopted a border management strategy; Costa Rica developed a National Integration Plan;</li> <li>15 Western African countries were supported in the elaboration of a common strategy to protect child migrants.</li> <li>Ghana was supported to complete the Ghana Immigration Service Strategic Plan 2011 – 2015.</li> </ul>

**ACTIVITY 19 02 “COOPERATION WITH THIRD COUNTRIES IN THE AREA OF MIGRATION AND ASYLUM” - Specific Objective 2 is implemented according to the plan (Spending programme DCI).**

Specific Objective 2: Promote well-managed legal labour migration, in particular by providing information about legal migration and conditions of entry and residence in the territory of the EU Member States.	<input checked="" type="checkbox"/> Spending programme

Result indicators	Target (result)	Current situation (as achieved)
<b>Number of Information and Referral centres set up.</b>	One information centre in Cape Verde and 5 information centres in Armenia.	In Cape Verde and in Armenia, the information centres are established. In Mauritania, 1 info centre was established. In Armenia, 3 awareness raising campaigns were organised.
<b>Number of information actions carried out.</b>	<ul style="list-style-type: none"> <li>• 1 media campaign, 3 awareness raising campaigns carried out on safe legal migration in India by 2013;</li> <li>• creation of 1 tripartite consultative body as a permanent forum that promote the rights and welfare of migrant workers from Moldova and Ukraine; meetings twice a year to discuss on migrant rights and establish a permanent network for information sharing.</li> </ul>	<ul style="list-style-type: none"> <li>• Target for India achieved in 2012.</li> <li>• Target for Moldova and Ukraine achieved in 2012 with the modifications reported in 2012.</li> </ul> <p>In addition to the target:</p> <ul style="list-style-type: none"> <li>• In Central Asia, 45.000 potential migrants informed on their rights in their country of origin.</li> <li>• In Georgia, dissemination of 15.000 information booklets on migration to potential migrants.</li> <li>• In Indonesia, 30 safe migration community information sessions and 10 safe migration community village fairs conducted.</li> </ul>
<b>Number of agreements on skills transfer and circular migration schemes.</b>	<ul style="list-style-type: none"> <li>• Brain gain promoted in countries of origin through skills transfer and circular migration schemes</li> <li>• Conclusion of new Mobility partnerships with third countries (ongoing negotiations with Armenia and Ghana).</li> </ul>	<ul style="list-style-type: none"> <li>• Schemes for circular migration promoted in Philippines, India, Vietnam, Moldova, Georgia, Armenia, Malawi.</li> <li>• Mobility partnerships agreements signed with Armenia, Azerbaijan and Morocco (negotiations finalised with Tunisia and ongoing with Jordan).</li> </ul>

**ACTIVITY 19 02 “COOPERATION WITH THIRD COUNTRIES IN THE AREA OF MIGRATION AND ASYLUM” - Specific Objective 3 is implemented according to the plan (Spending programme DCI).**

Specific Objective 3: Curb irregular immigration and facilitate the readmission of illegal immigrants, including fighting the smuggling and trafficking of human beings and improving capacities in the areas of border, visa and passport management.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>Number of capacity building actions on border management/ surveillance implemented under EU development funding in West Africa.</b>	In the frame of the WEST SAHEL project a total of 16 capacity building actions and an awareness-raising campaign are planned to take place in the period between end 2010 to mid-2013 in Mauritania, Senegal, Mali and Niger.	Target achieved in 2013. Through a number of capacity building activities, immigration and border officers were trained on migration information systems, border management systems and on PIRS (Personal Identification and Registration System).  Capacity building activities also included training on document security and fraud detection, while a workshop addressed smuggling of migrants.

**ACTIVITY 19 02 “COOPERATION WITH THIRD COUNTRIES IN THE AREA OF MIGRATION AND ASYLUM” - Specific Objective 4 is implemented according to the plan (Spending programme DCI).**

Specific objective 4: Promote asylum and international protection, including through regional protection programmes, and protection of migrants and refugees against exploitation and exclusion.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>Number of capacity building actions carried out under this objective in the frame of EU development funded initiatives.</b>	<p>During 2010 and 2011 an average of 50 capacity building actions were carried out per year. In 2012 there was a slight increase and 80 capacity building actions were carried out. In 2013 we foresee to maintain an average of 60 capacity building actions.</p> <p>From 2010 and until the end of 2013 25 stakeholders (local partners' organisations and third country governments) will be involved in capacity building actions namely in the framework of the Regional Protection Programme (RPP) in Egypt, Libya and Tunisia, and RPP in Eastern Europe – Phase II.</p>	<p>An average of 50 capacity building activities were carried out in 2013 through the implementation of the RPPs in North Africa and the Horn of Africa (Phase II).</p> <p>From 2010 to 2013, the total number of stakeholders was 32 through the implementation of RPP Horn of Africa (phase II), RPP North Africa as well as the RPP in Eastern Europe (phase II).</p>
<b>Main policy outputs 2013 (for all objectives under 19.02)</b>		
<p>A new <b>Communication on Migration "Maximising the Development Impact of Migration – The EU contribution for the UN High-level Dialogue and next steps towards broadening the development-migration nexus"</b> was adopted in May 2013. It was prepared jointly by the DG for Home Affairs and the DG for Development and Cooperation – EuropeAid. The Communication aimed to i) serve as the basis for EU's position for the UN High-Level Dialogue (HLD) on International Migration and Development of October 2013, and ii) make proposals on how to move towards a more ambitious approach to migration and development at EU level, in response to the May 2012 Council conclusions on the Global Approach to Migration and Mobility (GAMM). These proposals are valid for both the Agenda for Change and the GAMM migration and development pillar, and thereby aim to ensure these policy frameworks are fully complementary in terms of priorities set on migration and development.</p> <p>A <b>Staff Working Document on migration and climate change</b> – 'Climate change, environmental degradation, and migration', was adopted, accompanying the Communication on 'An EU Strategy on adaptation to climate change'. The aim of the SWD is to provide an overview of the research and data currently available on the inter-linkages between migration, environmental degradation and climate change, with a specific focus on human mobility due to climate related disasters and environmental degradation, including such caused by climate change. It also provides an overview of the many initiatives of relevance for the topic which are already being taken by the EU in various policy fields, and analyses on-going debates on policy responses at EU and international level.</p> <p>The links between migration and development continued to be strengthened, with a focus on countries dependent on migrant remittances.</p> <p>Further steps were taken to deepen the structured dialogue with the Latin American and Caribbean (LAC) countries, as well as with African Partners, and a more specific focus was given to the evaluation and strengthening of the <b>Africa-EU Partnership on Migration, Mobility and Employment (MME)</b>, and to preparations undertaken in view of the 2014 EU-Africa Summit in Brussels, including a specific attention to migration issues in Eastern Africa.</p> <p>Ten years after the entry into force of the <b>Protocol to Prevent, Suppress and Punish Trafficking in Persons,</b></p>		

**Especially Women and Children**, under the United Nations Convention against Transnational Organised Crime, the EU continued contributing to its ratification and implementation. It also contributed to the implementation of **Visa Facilitation and Readmission Agreements** with Russia, Ukraine, Moldova and Georgia.

The existing Regional Protection Programmes (RPP) were supported, including in Africa (Horn of Africa and North Africa) and the RPP concept was expanded to other countries and regions. A new **Regional Development and Protection Programme** (RDPP) was finalised for refugees and host communities in Lebanon, Jordan and Iraq.

Preparations for support to the **Morocco Mobility Partnerships** were finalised, and Migration Profiles were developed in the LAC region.

Support was provided to projects dealing with the five main objectives of the programme: protection of migrants' human rights, fight against trafficking in human beings, protection of unaccompanied minors, labour migration, and migration and climate change.

Dialogue under the Rabat Process, and the Prague Process were further strengthened and their practical implementation deepened.

Main expenditure-related outputs 2013	Budget line	€ million
Projects in the Reserve List of the Call for Proposals 2011-2012 - Geographical allocation for all regions	19 02 01 10	17.39
Targeted projects (e.g. Support to the Mobility Partnerships, Short-Term Technical Expertise, Fostering the Link between migration and Development, Promotion of the EU dialogues on migration, Support to the implementation of the Regional Protection Programme,) reflecting Objectives 1, 2, 3 and 4	19 02 01 10	34.4
Support measures		0.8
Special measures		5
<b>Total</b>		<b>57.59</b>

**ACTIVITY 19 04 “EUROPEAN INSTRUMENT FOR DEMOCRACY AND HUMAN RIGHTS (EIDHR)” - Specific objective 1 is implemented according to the plan (Spending programme EIDHR).**

Specific Objective 1: Promote democracy and human rights through support to civil society and to victims of human rights abuses.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
Increased number of civil society organisations whose capacity to resist and fight human rights abuses and to contribute to democratic reform is reinforced in countries or regions where there is a serious lack of fundamental freedoms.	By 2014, the instrument will have supported at least 300 additional civil society organisations in countries /regions where there is a serious lack of fundamental freedoms.	<ul style="list-style-type: none"> <li>• <b>2008:</b> 21 additional projects supporting more than 40 organisations.</li> <li>• <b>2009:</b> 25 additional projects supporting more than 43 organisations.</li> <li>• <b>2010:</b> 26 additional projects supporting more than 71 organisations.</li> <li>• <b>2011:</b> 13 additional projects selected supporting more than 30 organisations.</li> <li>• <b>2012:</b> 23 additional projects supporting more than 35 organisations.</li> <li>• <b>2013:</b> estimation of 18 additional projects expected supporting more than 30 organisations, the project proposals</li> </ul>



<p><b>Increased number of human rights defenders in extreme situations whose security and safety has been ensured through protection mechanisms put in place by specialised organisations financed by EIDHR under the Human Rights Defenders guidelines.</b></p>	<p>By 2013, more than 1000 human rights defenders will have benefitted from protection in the form of grants, emergency relocation, reimbursement of legal/medical fees, IT and security equipment, etc.</p>	<p>were still under evaluation.</p> <ul style="list-style-type: none"> <li>• <b>2009:</b> more than 240 individual situations tackled.</li> <li>• <b>2010:</b> more than 250 individual situations tackled.</li> <li>• <b>2011:</b> more than 250 individual situations tackled.</li> <li>• <b>2012:</b> more than 400 individual situations tackled.</li> <li>• <b>2013:</b> more than 400 individual situations tackled.</li> </ul>
<p><b>Number of beneficiary countries where there is both a strong need for more effective action on the part of civil society organisations and sufficient freedom and/or room for manoeuvre for human rights and democracy advocacy, so as to allow the CBSS – "Country-Based Support Schemes" – to support local civil society.</b></p>	<p>By 2013 at least 100 countries will have benefited from the country-based support schemes targeting countries where there is sufficient room for human rights and democracy advocacy. Due to an increase of funds under the budget for the period, it became possible to expand the scheme, when a conducive environment allowed the CBSS to be implemented.</p>	<ul style="list-style-type: none"> <li>• <b>2007:</b> 47 countries</li> <li>• <b>2008:</b> 72 countries</li> <li>• <b>2009:</b> 77 countries</li> <li>• <b>2010:</b> 91 countries</li> </ul> <p>Since 2011, more than 100 countries , and in 2013 – 107 countries have benefited from the country-based support schemes.</p>

#### Main policy outputs 2013

Human rights dialogues, consultations and sub-committees were prepared and conducted with some 40 countries and entities (including corresponding experts and civil society seminars) in support of thematic, region or country specific deliberations in the Council and EP.

Policy papers on democracy and human rights.

Actions to strengthen the role of civil society in promoting human rights, political pluralism and democratic political participation and representation mainly through "Country-Based Support schemes" (within EIDHR).

Supporting actions on human rights in areas covered by EU guidelines on human rights, such as regarding human rights defenders, death penalty, torture, children and armed conflict, violence against children and violence against women.

Contribution on the development of a holistic approach of democracy support in the context of the implementation of the Council Conclusions on Democracy Support Agenda for Action, based on country pilot projects experiences.

Main expenditure-related outputs 2013	Budget line	€ million
<p>Actions to strengthen the role of civil society in promoting human rights, political pluralism and democratic political participation and representation, mainly through "Country-Based Support Schemes".</p>	19 04 01	72
<p>Actions on human rights and democracy issues in areas covered by EU guidelines on human rights dialogues, on human rights defenders, on the death penalty, on torture, on the rights of the child, on children and armed conflict, and on violence against women and girls and combating all forms of discrimination against them</p>	19 04 01	43.6
<b>Total budget line 19 04 01</b>		<b>115.6</b>

**ACTIVITY 19 04 “ EUROPEAN INSTRUMENT FOR DEMOCRACY AND HUMAN RIGHTS (EIDHR)” - Specific Objective 2 is implemented according to the plan (Spending programme EIDHR).**

Specific Objective 2: Promote democracy and human rights through multilateralism and existing international frameworks.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>Number of new ratifications of international and human rights instruments</b>	By 2013, there will be a yearly increase in ratifications of international and human rights treaties	In 2013, there were 22 States having either ratified or signed one or more of the core treaties.
<b>Number of interns and visiting professionals hosted by the ICC, being able to directly transfer experience gained to national judicial systems</b>	By 2013, the EIDHR will have supported around 750 interns and visiting professionals hosted by the ICC	Since 2012, activities focused on training counsels thereby leaving them able to directly transfer experience gained to national judicial systems. Counsels are pre-selected lawyers (ICC list) who represent Human rights defenders in courts. <ul style="list-style-type: none"> <li>• <b>2009:</b> 150</li> <li>• <b>2010:</b> 107</li> <li>• <b>2011:</b> 120</li> <li>• <b>2012:</b> 250 (counsels)</li> <li>• <b>2013:</b> 250 (counsels)</li> </ul>
<b>Main policy outputs 2013</b>		
<ol style="list-style-type: none"> <li>1. Input to EU action in Human Rights Council and UNGA, Council of Europe and OSCE.</li> <li>2. Support to the Office of the UN High Commissioner for Human Rights</li> <li>3. Input to EP deliberations on democracy and human rights.</li> <li>4. Reinforced international and regional frameworks for the protection of human rights, the rule of law and the promotion of democracy</li> </ol>		
Main expenditure-related outputs 2013	Budget line	€ million
Number of projects for reinforced international & regional frameworks for the protection of human rights, the rule of law and the promotion of democracy, including support to the OHCHR and the European Inter-University Centre for Human rights and democratisation (EIUC) included in the EIDHR Regulation.	19 04 01	12.8

**ACTIVITY 19 06 “CRISIS RESPONSE AND GLOBAL THREATS TO SECURITY” - Specific Objective 1 is implemented according to the plan (Spending programme INSC<sup>43</sup>).**

Specific Objective 1: Reduce the risk of proliferation by counteracting illicit spread of chemical, biological, radiological and nuclear (CBRN) technologies, materials and agents.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>Support for retraining and alternative employment of former weapon scientists and engineers</b>		
<p><b>Number of former weapon scientists trained in civilian activities (Capacity building for decommissioning, dismantling, and the decontamination of Iraq nuclear facilities and sites and for developing radioactive waste management).</b></p> <p><b>Number of former weapon scientists talents redirected to peaceful activities (ISTC and STCU in Moscow and Kiev).</b></p>	<p><i>Redirecting former weapon scientists to peaceful activities</i> 80 to 100 former weapons Iraqi scientists trained.</p> <p>To properly close the ISTC activities in Moscow ,to offer the other member (Belarus, Armenia, Georgia, and three Central Asian countries) countries' scientists new opportunities for funding projects under the STCU.</p>	<p>The training activities have ended. 98 scientists have benefited from the trainings.</p> <p>Under an ISTC project ending in 2013, several Tajik and Afghan biologists have benefited from scientists redirection programmes.</p> <p>The ISTC in Moscow will be closed before June 2015. A new agreement to establish a new ISTC in Kazakhstan has been prepared and the negotiation mandate has been granted to Commission by Council. It is expected that the adoption procedure is terminated by April 2014. Staff started to phase into the new premises in Astana (Nazerbaiev University facilities) in February 2014.</p> <p>The activities of STCU have continued and several new projects have started. Both institutes fund 4 projects linked to the study of the possible remediation activities in the Fukushima region (Japan). Experience gained by former soviet scientists under ISTC and STCU projects on the impact of the Chernobyl accident serve as basis for these projects.</p>
<b>Fighting illicit trafficking of CBRN materials and deceptive financial practices</b>		
<p><b>Number of detectors at borders and/or other points and corresponding training to the front line officers</b></p>	<p><i>Strengthening the capacity of the civilian authorities involved in the development and enforcement of the effective control of CBRN trafficking and counteracting nuclear and radiation terrorism threat</i></p> <p>The countries involved are equipped and identified officers trained according to priorities in the field of CBRN risk mitigation and WMD non-proliferation, as mentioned in UN Security Council Resolution 1540 (2004).</p>	<p>Initiating a project on illicit trafficking of nuclear and radiological materials in Belarus to improve the reliability of the custom and law enforcement authorities. Finalising a similar project in the South Caucasus.</p> <p>So far the project in South Caucasus has been delayed by administrative difficulties in Ukraine to start the training phase under the STCU.</p>

<sup>43</sup> Instrument for Nuclear Safety and Cooperation.

<b>Assistance and cooperation in export control of dual-use goods</b>		
<p><b>Number of local staff trained on legal and licensing aspects (from customs, authorities, industry)</b></p> <p><b>Number of reviews of existing laws or adoption of new laws</b></p> <p><b>Number of new memberships to EU export control regime and UN 1540 and other regimes (Australia Group, Wassenaar, etc.).</b></p>	<p><i>Enhancing the effectiveness of export control systems of dual use items in partner countries</i></p> <p>Start-up activities in newly added countries: Georgia, Malaysia, Moldova, Thailand, Tunisia, Armenia, Azerbaijan, Egypt, Pakistan and Uzbekistan.</p> <p>Continue activities in twenty countries part of the EU Export Control outreach process.</p>	<p>Starting a new complementary export control activity in the Middle East, in particular in Jordan, through technical on-site assistance to the local law enforcement staff. Extending and deepen activities in Kazakhstan.</p> <p>Establish the Export Control WG within the Commission services and outside with the US administration (DoS).</p>
<b>Strengthening capabilities against biological threats</b>		
<p><b>Number of scientists trained; number of facilities upgraded to the international standard level; number of workshops and conferences organised to improve bio-safety and bio-security.</b></p>	<p><i>Strengthening capabilities in bio-safety and bio-security</i></p> <ul style="list-style-type: none"> <li>• Completion of the programme in Central Asia.</li> <li>• Continuing implementation project in Crimea.</li> <li>• Continuing project implementation in Africa and South Caucasus / Central Asia.</li> </ul>	<p>Starting the biosafety and biosecurity projects of the EU neighbourhood and liaise with the EC services in charge of the biosecurity and biosafety defence within the EU.</p> <p>Investigating with the International Organisations (WHO, OIE, FAO) active in biological domain, where and what type of actions can be developed through the CoE network. Continuing exploratory missions in Afghanistan and Pakistan and develop biosecurity projects in the countries.</p> <p>Several biosafety and biosecurity projects have been launched in the Southern (Mediterranean) and Eastern (Black Sea and Eastern Europe) Neighbourhood. They concern all levels of preparedness for the fight against potential microbiological outbreaks of natural or malevolent origin, for classical diseases (plague, cholera haemorrhagic fever viruses, etc.) or emerging new strains (coronavirus or today unknown viruses or bacteria).</p>
<b>Regional centres of excellence</b>		

<p><b>Number of partner countries benefitting from the assistance of the EC acting in multilateral framework.</b></p>	<ul style="list-style-type: none"> <li>• Maintain the established 3 Regional Secretariats and final establishment of 5 other Regional Secretariats by the end of 2013.</li> <li>• Monitor implementation of 9 projects to be signed in 2012 including financial management by EuropeAid.</li> <li>• Monitor implementation of 19 projects signed by UNICRI on behalf of the UE with respective consortia.</li> <li>• Develop and contract new projects (20-30) in 2013.</li> <li>• Organise and attend numerous round table meetings in the various regions worldwide.</li> <li>• Assist in the development of the methodology under the Centres of Excellence (CoE) initiative.</li> <li>• Organise numerous meetings, seminars, workshops with Member States, partner countries, NGO's, international organisations and others.</li> <li>• Monitoring / Finalisation of the 2 pilot projects under the CoE initiative</li> </ul>	<ul style="list-style-type: none"> <li>• Continuing to decrease the number of contracted projects by increasing size and impact.</li> <li>• Continuing to reinforce the CoE network.</li> <li>• Installing on-site assistance experts in the South East Europe/Caucasus and Middle-East CoE</li> <li>• Monitoring the 3 new projects signed in 2013.</li> <li>• Setting up a strategy to better approach the Southern part of Africa. Reinforce the Nairobi CoE.</li> <li>• Continue efforts to link the EU-CBRN CoE network and the networks of other agencies or International Organisations (IAEA).</li> <li>• Reinforcing cooperation and coordination with regional or specialised international initiatives such as UNSCR 1540, OSCE, ASEAN, etc.</li> <li>• At least 15 NAQ and 5 NAPs should be ready. They should be used in the CBRN-CoE Round Table discussions.</li> <li>• Continuing the training and awareness workshops for the Regional CoE Secretaries and the UNCRI coordinators. Continuing the training seminars of the National Focal Points of the partner countries.</li> <li>• Promoting the CoE CBRN risk mitigation activity through modern advertising tools.</li> <li>• Continuing the development of CBRN National Needs Assessments Questionnaires (NAQ) and National Action Plans (NAPs).</li> </ul>
<p><b>Support for Multilateral Nuclear Assurances (MNA) initiatives</b></p>		
<p><b>Contribution to the Low Enriched Uranium Bank.</b></p>	<p><i>Contributing to LEU Bank international fund.</i> Continue to assist in the efforts to set-up a Fuel bank as a contribution to the worldwide non-proliferation policy</p>	<p>The identification of the storage centre in Kazakhstan should be finalised and first concrete actions to equip the Fuel Bank should be launched by the IAEA. Continue to monitor the advancement of work.</p>
<p><b>Contribution to expert support facility (ESF)</b></p>		
<p><b>The number of fact finding missions providing expertise for the programming and implementation of IfS programmes (priority 1).</b></p>	<p><i>Expert Support Facility (ESF)</i> Hiring expertise for the programming and implementation of IfS programmes and projects.</p>	<p>The new Framework Contract has been launched.</p>
<p style="text-align: center;"><b>Main policy outputs 2013</b></p>		
<ul style="list-style-type: none"> <li>• Consolidation of the EU action in the field of risk mitigation and preparedness relating to CBRN materials</li> </ul>		

and agents and its extension with sustainability over the next years, including contract signature, monitoring and evaluation. Reinforcement of the security governance with the CBRN Risk Mitigation Centres of Excellence initiative, which is an integrated CBRN approach that incorporates all international, regional and national CBRN risk mitigation components into a common strategy. Five other Secretariats should be setup in 2013 (Sub Saharan Africa, Central Asia, South-East Asia, South Eastern Europe, South Caucasus and Gulf Region (GCC). More than 20-30 new actions will be selected in 2013 and CBRN governance will be strengthened.

- A reinforced coordination will be sought with DG Home CBRN Action Plan and DG ENTR FP7 Security as well as a contribution to the international efforts in this field (Non-Proliferation Treaty, UN SC resolutions and EU policy against proliferation of WMD).
- For ISTC/STCU, a clear strategy with other donors (US, CAN, JAP) should be defined to allow a smooth transition for both centres in particular ISTC.
- A new agreement will have to be negotiated for ISTC; the main office will be established in 2013 in Kazakhstan.
- The contribution to the IAEA laboratories (€5 million) should be monitored closely.
- New activities and equipment delivery are to be realised in Africa (RDC) and South East Asia, as well as for Border Monitoring and combatting illicit trafficking of RN materials

Main expenditure-related outputs 2013	Budget line	€ million
Support for retraining and alternative employment of former weapon scientists and engineers	19 06 02	4
Fighting illicit trafficking of CBRN materials and deceptive financial practices (ECAS/SAL – 2nd phase)	19 06 02	1
Assistance and cooperation in export control of dual-use goods	19 06 02	5.5
Strengthening capabilities against biological threats	19 06 02	1.5
Regional centres of excellence	19 06 02	31.3
Support for Multilateral Nuclear Assurances (MNA) initiatives	19 06 02	0
Contribution to Expert Support Facility (ESF)	19 06 02	0
<b>Total budget line 19 06 02</b>		<b>43.3</b>

**ACTIVITY 19 06 "CRISIS RESPONSE AND GLOBAL THREATS TO SECURITY" - *Specific Objective 2 is implemented according to the plan (Spending programme IfS<sup>44</sup>).***

Specific objective 2: Counteract global and trans-regional threats.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>Countering Terrorism: Number of countries covered by the counter terrorism activities.</b>	The short term target is to expand the number of countries covered to the Horn of Africa/Yemen and Pakistan.	The number of countries covered by CT actions has been significantly expanded and includes now 6 countries in HoA/Yemen as well as Pakistan.
<b>Fighting organised crime:</b> • <b>Number of major drug</b>	Continued support focusing on the two major drug trafficking routes	Achieved with two trafficking routes still supported and SALW system

<sup>44</sup> Instrument for Stability.

<b>smuggling routes covered by the organised crime activities;</b> <ul style="list-style-type: none"> <li>• <b>Implementation of information exchange systems on small arms and light weapons.</b></li> </ul>	and testing and implementation of the information exchange system on SALW.	being tested.
<b>Protecting critical infrastructure: Number of countries/regional organisations covered by critical infrastructure activities.</b>	Increased focus on other countries including in the Gulf of Guinea.	New action on the Gulf of Guinea has been launched.
<b>The number of fact finding missions providing expertise for the identification and formulation of IfS projects and programmes.</b>	Continued mobilisation of EU MS expertise for the identification and formulation of IfS projects and programmes.	6 missions launched in 2013.
<b>Main policy outputs 2013</b>		
Legislative and operational capacity in third countries significantly strengthened and global and trans-national cooperation frameworks and networks established to support the fight against organised crime including trafficking in drugs, small arms, and human beings, as well as to counter terrorism and to protect critical infrastructure, including support to efforts in areas such as cyber security and cybercrime.		
<b>Main expenditure-related outputs 2013</b>	<b>Budget line</b>	<b>€ million</b>
<ul style="list-style-type: none"> <li>• Counter terrorism</li> </ul>		13
<ul style="list-style-type: none"> <li>• Fight against organised crime</li> <li>• Supporting the fight against organised crime on the cocaine route</li> <li>• Supporting the fight against organised crime on the heroin route</li> <li>• Small Arms and Light Weapons</li> </ul>	19 06 03	9.5
<ul style="list-style-type: none"> <li>• Protecting critical infrastructure</li> <li>• Critical maritime routes</li> <li>• Counter terrorism</li> <li>• Cyber security / cyber crime</li> </ul>	19 06 03	5.5
<ul style="list-style-type: none"> <li>• Expert Support Facility</li> </ul>	19 06 03	2.3
<b>Total budget line 19 06 03</b>		<b>30.3</b>

**ACTIVITY 19 06 “CRISIS RESPONSE AND GLOBAL THREATS TO SECURITY” - *Specific Objective 3 is implemented according to the plan ( Spending programme INSC).***

<b>Specific Objective 3: Promote an effective nuclear safety culture in the context of EU external energy policy.</b>		<input checked="" type="checkbox"/> Spending programme
<b>Result indicators</b>	<b>Target (result)</b>	<b>Current situation (as achieved)</b>
<b>Support to nuclear regulators in Vietnam and Belarus building national capacity to effectively perform licensing and control activities linked to Nuclear Power Plant construction (2 countries).</b>	Bringing safety culture up to levels close to those in practice in the European Union.	Follow-up projects have been submitted and adopted to support the Regulatory Authorities in Belarus (€4.5 million) and Vietnam (€2 million).
<b>Support to nuclear regulators in</b>	Use of results of previous projects in	The contract for the Philippines was

<b>Malaysia, the Philippines and Thailand in building national capacity by transfer of EU nuclear safety standards (3 countries).</b>	the field demonstrating the impact and the sustainability of past TACIS and INSC programme as e.g. involving regulators that became mature under EU support (Ukraine).	signed in 2013 to support the national Regulatory Authority. A project to support Thailand (€1.5 million) was submitted and adopted. The project with Malaysia failed due to the non-signature by the beneficiary country of the necessary Financing Agreement. Ukrainian Regulator and its TSO are part of the consortium that implements the support project in Belarus.
<b>Support countries in Central Asia in establishing a strategy and implementing pilot projects in remediation of former nuclear sites (2 countries).</b>	Call for an international donors' conference to create a dedicated funds within the EBRD for large remediation programme in the region.	The completion of the necessary feasibility studies is planned under AAP 2014 due to the special INSC contribution (€12 million) to the Syrian crisis. Pilot remediation projects were submitted and adopted (€3 million). Discussion with EBRD led to the planned creation of a dedicated fund in 2014.
<b>Internationally defined indicators related to the mitigation of the consequences of the Chernobyl disaster.</b>	Completion of the Shelter Implementation Plan (including construction of the New Safe Confinement (NSC) in 2015.	The last payment to the Chernobyl Shelter Fund was made in 2013 corresponding to the completion of the EC contribution (€361.6 million in total).

### Main policy outputs 2013

The negotiations on the new INSC 2014–2020 were completed successfully and the new Instrument is expected to enter into force in March 2014, pending the formal adoption of the Common Implementing rules (CIR). The corresponding Strategy Paper and MIP have been drafted together with EEAS and submitted to ENSREG for opinion. Both documents will be finalised and adopted early 2014.

The promotion of an effective nuclear safety culture will continue to be at the core part of the work in future on one hand by continuous support to regulatory bodies and to the effective safety culture in nuclear operations. This main objective will have a provision of 50% of the overall budget. On the other hand support to the safe processing and disposal of spent nuclear fuel and radioactive waste and the development and implantation of strategies for decommissioning existing installations and the remediation of former nuclear sites will be continued at a lower level (35% of the budget). 10% of the budget will be dedicated to the establishment or reinforcement of nuclear safeguards while 5% will be dedicated to accompanying measures for the proper implementation of the programme.

Main expenditure-related outputs 2013	Budget line	€ million
Operations to reinforce nuclear safety culture/ assistance contracts to nuclear regulators and operators in the third countries	19 06 04 01	16
Waste management and remediation of former nuclear sites	19 06 04 01	4.5
Accompanying measures and international cooperation	19 06 04 01	6.8
EC contribution to the Chernobyl Shelter Fund.	19 06 04 02	25.1
<b>Total</b>		<b>52.4</b>

## ACTIVITY 21 07 “DEVELOPMENT COOPERATION ACTIONS AND AD HOC PROGRAMMES” - *Specific*

devco\_aar\_2013



**Objective 1 is implemented according to the plan (Spending programme EDF).**

Specific Objective 1: Enhance the social and economic development of the Overseas Countries and Territories (OCTs).		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<p>Given the state of play of the programming of the 10<sup>th</sup> EDF (territorial and regional multi-OCT programmes to be finalised), indicators for each of the different programmes still need to be defined.</p> <p>Concerning the 9<sup>th</sup> EDF the EU lays down a development strategy for each OCT in form of a Single Programming Document (SPD). Indicators are developed for each of the programmes.</p>	<p>The targets of the different territorial programmes will differ according to the specific sector of concentration.</p>	<p>Please refer to the section below “main policy outputs 2013”.</p>
Main policy outputs 2013		
<p>The programming exercise for OCTs under the 10<sup>th</sup> EDF was concluded in 2013. All the funds assigned to OCTs under the 10<sup>th</sup> EDF have been committed.</p> <p>In particular, five Single Programming Documents and the respective financing decisions were adopted in 2013:</p> <ul style="list-style-type: none"> <li>• French Polynesia: €19.790 million to support sanitation infrastructure in Tahiti.</li> <li>• Wallis and Futuna: €16.49 million to the rehabilitation of port infrastructure.</li> <li>• Pitcairn: €2.4 million to support the Pitcairn tourism development strategy.</li> <li>• Turks and Caicos Islands: €11.85 million to support private sector.</li> <li>• The Falkland Islands: €4.13 million to economic diversification tourism and agriculture.</li> </ul> <p>The funds still available under the Reserve B were also mobilised for:</p> <ol style="list-style-type: none"> <li>a) Wallis et Futuna, €1.6 million, following the Cyclone Evan, to rehabilitate the electrical supply system in Wallis.</li> <li>b) Mayotte, €6 million, following an ad hoc review, to be added to the current Single Programming Document.</li> </ol> <p>In 2013, the Commission’s proposal for an Overseas Association Decision (OAD) - adopted on July – has continued to be discussed at Council level. Twenty-five meetings took place under the Cypriot, Irish and Lithuanian Presidencies with a view to attaining a stabilized text which would ensure unanimity among Member States. The OAD was approved at COREPER level on 20 November 2013 and adopted unanimously by the Council on 25 November 2013.</p> <p>In view of initiating the programming exercise for OCTs under the 11<sup>th</sup> EDF, the draft guidelines will be finalized and approved after consultations with OCTs and the Member states, which took place during the 12<sup>th</sup> OCT-EU Forum of December 2013</p>		

**ACTIVITY 21 07 “DEVELOPMENT COOPERATION ACTIONS AND AD HOC PROGRAMMES” - Specific Objective 2 is implemented according to the plan (Spending programme EU-Greenland Partnership Instrument).**

Specific Objective 2: Greenland: Widen access to and improve the quality of education.		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target	Current situation

	(long-term)	(as achieved)
<b>1. Vocational education (VET) and high school attendance;</b>  <b>2. Educational attainment (graduates, formal education);</b>  <b>3. Dropout rate (formal education).</b>	1. By 2014, 50% increase in number of students compared to 2005;  2. By 2014, 40% increase in completion rate compared to 2005;  3. By 2014, decrease in dropout rates to 18-20% compared to 2005.	1. By end 2012 a 39% increase in number of students was achieved;  2. By end 2012 a 53% increase in completion numbers was achieved;  3. By end 2012 the drop-out rate was 24.5%.
<b>Main policy outputs 2013</b>		
<p>As foreseen in the Programming Document for the Sustainable Development of Greenland for the period 2007-2013, the EU continued to assist Greenland in advancing the reform of the education sector and deepening of the dialogue. On the basis of the policy dialog a Financing Decision for the budget year 2013 was adopted by the Commission in November 2013.</p> <p>The Commission continued the discussion at Council and European level regarding its draft proposal for a Council Decision on relations between the EU, Greenland and Denmark for the period 2014-2020. The Council Decision is expected to be formally approved during the first quarter of 2014.</p> <p>The Commission has initiated contacts with the Government of Greenland and Denmark in view of agreeing upon a Programming Document for the period 2014-2020. Three rounds of consultations have taken place in 2013. The Programming is expected to be agreed upon and adopted during the second quarter of 2014.</p>		
<b>Main expenditure-related outputs 2013</b>	<b>Budget line</b>	<b>€ million</b>
Education and vocational training in Greenland	21 07 02	28.4

**ACTIVITY 21 07 “DEVELOPMENT COOPERATION ACTIONS AND AD HOC PROGRAMMES” - *Specific Objective 3 is implemented according to the plan (Spending programme DCI)***

<b>Specific Objective 3: Enhance and strengthen the EU’s role in a reformed, modern and effective FAO better able to tackle global food security and upcoming agriculture challenges.</b>		<input checked="" type="checkbox"/> Spending programme
Result indicators	Target (result)	Current situation (as achieved)
<b>Level of implementation of FAO reform.</b>	Implementation of main reforms as included in the 2009-2011 FAO strategic framework proceeds smoothly.	The objective is being implemented according to plan.

<p><b>Level of coverage of the Core Administrative Budget of the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA).</b></p> <p><b>Better functioning of the Treaty.</b></p> <p><b>Level of implementation of the Action Plan adopted by the 3rd session of the Governing Body (2009-2010).</b></p>	<p>Better coverage of the Treaty's core budget.</p> <p>Closer links between this Treaty, the FAO and to the Convention on Biological Diversity.</p> <p>The implementation of the Action Plan progresses as foreseen.</p>	<p>The EU made its regular contribution (€0.05 million) to the Treaty in 2013.</p>
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------

#### Main policy outputs 2013

The EU continued to contribute to the ambitious programme of **reform of the FAO** launched in 2008, both politically and financially. The reform has covered internal governance, decentralisation, administrative and financial systems, organisational culture and results based management. FAO has recently identified five cross-cutting strategic objectives, which are compatible with EU policies: i) Eradicate hunger, food insecurity and hunger; ii) Increase sustainable production; iii) Reduce rural poverty; iv) Enable efficient food and agricultural systems; v) Increase resilience to threats and crises.

The Mid-Term Evaluation of the Global Governance Programme co-funded by the EU was completed at the end of 2013 and has allowed recent EU policy initiatives and priorities such as resilience and nutrition to be better reflected in FAO's work. The programme also encouraged better cooperation between FAO, IFAD and WFP and has contributed to the strategic thinking that has led to the review of FAO's strategic objectives.

DG SANCO leads on issues related to the implementation of the Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA), and attended the 5th meeting of the Governing Body in 2013. At this meeting, the ITPGRFA Secretariat reported on its close collaboration with the Convention on Biological Diversity (CBD), noting the need for consistency between the provisions of the Nagoya Protocol (CBD) and Multi-lateral system of the ITPGRFA.

The Action Plan (business plan) adopted by the Third Governing Body is under implementation. However, noting concerns about human resources available for its implementation, the 5th Governing Body requested that a detailed Multi-annual programme of work is developed by the ITPGRFA Secretariat with the required human resources accurately specified.

Main expenditure-related outputs 2013	Budget line	€ million
Annual Membership fee (1/192)		0.275
Annual contribution to Core Administrative Budget of the ITPGRFA		0.050
<b>Total</b>	<b>21 07 03</b>	<b>0.325</b>

#### ACTIVITY 21 07 "DEVELOPMENT COOPERATION ACTIONS AND AD HOC PROGRAMMES" - *Specific Objective 4 is implemented according to the plan (Spending programme DCI).*

<b>Specific Objective 4: Promote sustainable trade in selected Commodities.</b>		<input checked="" type="checkbox"/> Spending programme
<b>Result indicators</b>	<b>Target (result)</b>	<b>Current situation (as achieved)</b>

<b>Better balance between supply and demand of commodities.</b>	Reduced risk of price fluctuations by closing the gap between supply and demand (long term target being imports covering 90% or more of production) through an increased market transparency and an appropriate promotion policy, addressed also to producing countries in order to increasing domestic consumption.	Although price fluctuations still occur in the commodity markets (fall for coffee, rise for cocoa) they have been moderate compared to the 2008-2009 period.
<b>Main policy outputs 2013</b>		
<p>International Commodities Organisations, to which the EU contributes by annual fees, have played an increasing role over the last few years to improve market transparency. Statistical systems put in place by these organisations, particularly Cotton, Coffee and Cocoa, have provided a more accurate picture of markets.</p> <p>Commodity Organisations are also active in other areas that can help improve market conditions. Several trainings and workshops were organised on Sanitary and Phytosanitary Standards (SPS) for cocoa, and on risk management for coffee. On the supply side, support measures were coordinated to improve productivity and reduce pests (coffee leaf rust). On the demand side, the Cocoa organisation is planning a study to boost cocoa consumption in China. It is noted that accession negotiations are still ongoing with the International Cotton Advisory Committee.</p>		
<b>Main expenditure-related outputs 2013</b>	<b>Budget line</b>	<b>€ million</b>
Annual Membership fees (currently Agreements).		
(1) International Coffee Organisation		1.18
(2) International Cocoa Organisation		1.18
(3) International Jute Study Group		3.1
<b>Total</b>	<b>21 07 04</b>	<b>5.46</b>

**ACTIVITIES 19 11 and 21 08 “POLICY STRATEGY AND COORDINATION” - *Specific Objective 1 is implemented according to the plan.***

<b>Specific objective 1: Strengthen the EU's development cooperation to attain the Millennium Development Goals.</b>		
<b>Result indicators</b>	<b>Target (result)</b>	<b>Current situation (as achieved)</b>
<b>Aid Effectiveness</b>		
<p><b>a) Percentage / number of countries (or volume of bilateral aid) where our cooperation is based on the national development plans</b></p> <ul style="list-style-type: none"> <li>○ <b>number / percentage of countries where EC / EU has separate country strategy paper;</b></li> </ul> <p><b>b) Progress as planned of detailed action plan agreed and implemented across</b></p>	<p>a) No target</p> <p>b) No specific targets in the plan beyond 2010.</p> <p>c) No target.</p>	<p>a) On track. In approximately 5-10 partner countries out of 120 we will use a separate country strategy paper. In the rest, cooperation is based on the national development plans.</p> <p>b) Superseded. Progress in line with the priorities of the Paris/Accra implementation plan. However the EU's Busan priority commitments have superseded it as guide to policy action.</p> <p>c) In 2013, 27.3% of all commitments, including non programmable and regional funds were</p>

<p>EuropeAid to meet Paris and Accra commitments (see EuropeAid website);</p> <p>c) Percentage of government-to-government assistance channelled through country systems including budget support.</p>		<p>committed through the modality of Budget Support (source: internal documents).</p>
<b>Division of labour</b>		
<p>Number of countries where country programmable aid (CPA) is jointly programmed (EU + Member States).</p>	<p>At least 10 countries where country programmable aid (CPA) is jointly programmed (EU + Member States) at the end of 2013.</p>	<p>By the end of 2013, the Joint programming process had started in 33 countries.</p>
<b>Mobilising European Research for Development Policies initiative</b>		
<p>Improved level of synergies between research and EU development policy formulation.</p>	<p>Enhanced quality of EU policy formulation based on knowledge excellence and innovation:</p> <ul style="list-style-type: none"> <li>• improved evidence-based analysis in EU development policy making;</li> <li>• enhanced influence of the EU on the international development agenda;</li> <li>• improved awareness and use of the ERD in the development community;</li> <li>• strengthened links between policy and research.</li> </ul>	<p>The objective is implemented according to plans. Results being achieved - ERD 2013 launched, feeding EU reflections on Post-2015 development agenda; Numerous ERD products useful to feed debate and consultations, many presentations in various MS, UN, OECD, S.A.; China, India; Scientific Advisory Board met with Commissioner at launch of High Level Panel Report.</p>
<b>Transparency</b>		
<p>Full implementation of IATI by EuropeAid.</p>	<p>Further progress towards fullest possible publication of data according to the IATI standard.</p>	<p>DG EuropeAid has been <b>progressively improving the coverage and timeliness of its IATI publishing</b>: - by publishing around 6000 activities to IATI in 2013; - by doing advocacy work &amp; providing support to EU Member States for improving transparency; - by sharing its experience and providing advice and support to other parts of COM in order to assist them in their efforts to improve transparency and publish through IATI as appropriate.</p>
<b>EU Aid for Trade</b>		
<p>Level of EU and Member States Trade Related Assistance (TRA) and Wider Aid for Trade (incl. TRA).</p>	<p>Sustain high level Aft volume:</p> <ul style="list-style-type: none"> <li>• EU and Member States collectively to spend €2 billion annually on TRA from 2010(€1 billion MS, €1 billion EU).</li> <li>• Sustain high level of EU Wider Aft and in particular give increased attention to</li> </ul>	<ul style="list-style-type: none"> <li>• Trade related assistance (TRA) commitments increased by 7.9% in 2011 (after a decrease of 7.5% in 2010), reaching a total of €2.8 billion for the EU and Member States (MS), far above the €2 billion target to which they committed in the 2007 joint EU Aid for Trade Strategy. The EU remains the major providers also of TRA in the world, with 71% of total TRA commitments (60% in 2010).</li> </ul>

	<p>LDCs AfT and participation in trade.</p> <p>Enhance results and effectiveness of AfT:</p> <ul style="list-style-type: none"> <li>• Increase joint AfT response strategies, support programmes and delivery.</li> </ul> <p>Deliver on regional AfT packages in support of ACP regional integration, under the leadership of the ACP regional integration organisations and their Member States, and involving other donors.</p>	<ul style="list-style-type: none"> <li>• Contrary to the downward trend of the EU share, AfT committed towards Least Developing Countries (LDC) observed over the past years, 2011 was marked by an increase both concerning EU budget allocations (26% compared to 22% in the previous year) and EU MS' (16% of the total EU AfT compared to 14% in 2010). However, it is important to stress that the share of LDC in the total AfT of the EU (collectively equal to 19% in 2011, up from 16% in 2010) is still lower than in the case of other donors. A significant proportion of the EU AfT is indeed allocated to its neighbouring countries within the EU Neighbourhood Policy and to countries in the process of accession to the EU within the enlargement policy (to the extent that these qualify as developing countries).</li> <li>• Based on the EU-EU MS Joint AfT Questionnaire of the AfT Monitoring report 2013, in sectors under the Aid for Trade umbrella, 38% of the EU believe that they have a moderately more coordinated approach (in terms of joint needs assessments, joint implementation, joint monitoring/evaluation, etc.) with other donors compared to 2009.</li> <li>• In 2011, the share of the ACP group of countries in the total AfT increased for both EU (from 39% in 2010 to 49% in 2011) and its Member States (27% to 29%).</li> </ul>
<b>Tax governance</b>		
<p><b>Number of third countries implementing the principles of good governance in tax matters (transparency, exchange of information, fair tax competition) and of enhanced tax systems.</b></p> <p><b>Number of countries that are EITI candidates / EITI compliant</b></p>	<p>Increased number of countries receiving assistance in implementing international standards/principles of good governance in tax matters and in improving their tax systems.</p>	<p>90 countries (of which 34 are developing countries) are already implementing and 2 others are already committed (although not substantially implementing) the OECD tax standard (i.e., transparency and exchange of information)<sup>45</sup>.</p> <p>In addition, the EC supports countries (e.g. Ghana, Kenya, Vietnam and Honduras) through advisory and technical support to improve their policy and legislation as well as their capacities on transfer pricing as part of a wider Tripartite Partnership with the EC, OECD and WB. Support with regard to transparency, exchange of information and fair taxation was given to African and Latin American countries through</p>

<sup>45</sup> <http://www.oecd.org/tax/transparency/progress%20report%205%20december%202012.pdf>

regional organisations like the African Tax Administration Forum (ATAF) and the Centre for Inter-American Tax Administrations (CIAT). Various developing countries received support through two IMF Trust Funds (in which the COM is the major donor) which seek to strengthen governance in natural resources wealth and improve tax policy and administration. Com supports the development of a diagnostic and assessment tool to enable partner countries to analyse their capacity needs in taxation and to improve the design of reforms in this area. With taxation as an important part of two eligibility criteria for EU budget support the support to partner countries in this area is increasing. the IMF Regional Technical Assistance Centres in ACP countries and will contribute in 2013 to an IMF Topical Trust Fund on Tax Policy and Administration, which supports several countries, mainly in Africa, in implementing good governance in taxes. DRM is also part of policy dialogue through our Budget Support operations. In all EITI outreach priority countries EU Delegations fully participate in the respective 'Contact Groups' 23 compliant and 16 candidates countries.

### Main policy outputs for 2013

#### **1. EU development policy: "The Agenda for Change"**

The communication endorsed in 2012 "Increasing the Impact of EU Development Policy: An Agenda for Change" sets out a number of strategic orientations aiming at further increasing the impact of the EU development policy on poverty reduction and improve results with respect to the MDGs. These orientations have been integrated into the financial instruments for the period 2014-2020, the EDF and the bilateral, regional and thematic programming processes. In 2013 progress has been made in the implementation of the principles of strategic prioritisation, concentration, differentiation and EU coordination.

#### **2. Towards a new post-2015 development framework**

The Communication "A Decent Life for All: Ending Poverty and Giving the World a Sustainable Future" was adopted in February 2013 setting out a new vision on the post-2015 development agenda. The Communication proposed a common EU approach based on some key principles for an overarching framework which would provide a coherent and comprehensive response to the universal challenges of poverty eradication and sustainable development. The Council endorsed the proposed approach in its conclusions adopted on 25 June 2013. The outcome document adopted at the UN Special Event in September by the Heads of State and Governments underlined the need for a coherent approach which integrates in a balanced manner the objectives of poverty eradication and sustainable development within a single framework which is universal in nature and applicable to all countries.

DG EuropeAid also continued to support the active Commission involvement in the international development financing discussion. In July 2013, the Commission adopted the Communication "Beyond 2015: towards a comprehensive and integrated approach to financing poverty eradication and sustainable development", which

devco\_aar\_2013

put forward possible elements of a common EU approach to financing beyond 2015, advocating an integrated approach to all resources and processes. In December 2013, the Council adopted conclusions that supported the proposed EU approach. DG EuropeAid has also organised informal discussions between the EU members of the UN Intergovernmental Committee of Experts on Sustainable Development Financing, and successfully promoted its views in this process and the UN Financing for Development follow up process (Monterrey).

### **3. Mobilizing European Research on Development Policy**

In 2013, this initiative encompassed the following strands of action: i) The European Report on Development 2013 (4<sup>th</sup> edition) on "Post-2015: Global action for an inclusive and sustainable future", prepared by a consortium led by the European Centre for Development Policy Management (ECDPM) was launched on 9 April 2013. Interest in the report has been high given its relevance for the UN Post-2015 process. There were many opportunities to present the report including at the OECD, the UN in New York and in several Member States and partner countries. ii) The Scientific Advisory Board for EU Development Policy (SAB), met with the Commissioner on 9 July 2013 in the framework of the launch of the Report of the Post-2015 High Level Panel to discuss the MDGs and the Post-2015 development framework. Scientific Advisory Board Members also took part in the closing session of the European Development Days entitled "A new development agenda: The way forward", on 26-27 November 2013.

### **4. EU Policy Coherence for Development (PCD)**

The Commission has published in October 2013 the 4<sup>th</sup> edition of the EU Report on Policy Coherence for Development (PCD), reviewing both the cross-cutting PCD issues such as general coordination, respective roles and processes set up to promote PCD and PCD measuring, but also thematic issues organised under the five global challenges: trade and finance, climate change, food security, migration and security. This report has been followed by Council conclusions in December 2013.

### **5. EU Accountability report on Financing for Development**

Accompanying the Communication "Beyond 2015: towards a comprehensive and integrated approach to financing poverty eradication and sustainable development" (see point 1.2), the annual EU Accountability Report provided transparency of the EU and Member States' actions in support of financing for development. Based on ODA 2012 preliminary outcome figures of the EU27, which the Commission had published in April 2013, the Council of May 2013 adopted its report to the European Council of the ODA situation. The European Council of June reiterated the EU leaders' commitment to achieve agreed targets by the 2015 deadline, although ODA levels and volumes had decreased. The December 2013 Council adopted more comprehensive conclusions on the broader financing for development issues, which were based on the Communication of the Commission.

### **6. Follow-up to the 4<sup>th</sup> High Level Forum on Aid Effectiveness**

Based on the outcome of the 4<sup>th</sup> High Level Forum in Busan (2011), the EU continued to promote and drive the aid effectiveness agenda with a view to make aid more predictable, to improve its impact, to obtain better results and value for money. Key outputs were the expansion of joint programming, development of the results framework and further progress in improving transparency. The Commission contributed to the progress of the *Global Partnership for Effective Development Cooperation*. At partner country level the EU will work towards simplifying its programming and aligning it with the partner countries' national strategy cycles.

- A commitment to Joint Programming was a key EU deliverable at Busan. At the end of 2013, the joint programming process had started in 33 countries. A further 6 countries were committed to undertake joint programming within the 2014-20 period. In 13 other countries the potential for joint programming is recognised but no decision has been made to go ahead.
- The second key EU deliverable at Busan was the commitment to the EU Transparency Guarantee, announced by the EU and its Member States. This commits EU donors to disclosing all information on aid



programmes to ensure that it is more easily accessed, shared and published. Furthermore, implementing the common standard for publishing aid information is an important part of the Busan follow-up and will substantially contribute to reaching the aims of the Transparency Guarantee. It comprises the existing OECD aid reporting systems and the International Aid Transparency Initiative (IATI). In 2013 EuropeAid is still ranked among the front runners (namely the 13<sup>th</sup> most transparent donor in the world in the 2013 Aid Transparency Index on a total of 67 donor organisations), showing that determination brings results. In 2013 EuropeAid continued to progressively implement the common standard, sharing its experience and cooperating with the EU Member States and other DGs within COM to improve aid transparency across Europe.

#### **7. Development dialogue with key international organisations and non EU countries**

- Close cooperation with OECD on development issues continued in 2013 at all levels and the longstanding controversy between the EU and the OECD Secretariat on the unfair exclusion of the EIB loans from ODA statistics is now on its way of being resolved (agreement already on ODA-eligibility of 2011 EIB loans). Regular consultations were resumed with Japan and the strategic dialogue with the US allowed better mutual understanding on global development issues and good prospects for enhanced cooperation. Dialogue with emerging economies is yet taking off the ground with, for example, a new senior level dialogue with China being launched, after its endorsement at summit level in 2013. As part of its efforts towards global awareness around climate change, Commission pressed for inclusive green growth to be part of the G20 agenda and further action on fossil fuel subsidy. On the three new priorities for 2014 (Financial Inclusion, Infrastructure and Domestic Resource Mobilisation), the EU has already started to launch some initiatives (e.g. on remittances). In the G8 context, the Commission contributed to the collective effort on accountability and agriculture/food security.
- Within the framework on the UN General Assembly (UNGA), the EC contributed actively to several High Level Meetings on development, notably the High Level Meeting on Disabilities and Development (23 September 2013), the inaugural meeting of the High Level Political Forum on sustainable development (24 September 2014), the Special Event to follow up efforts made towards achieving the MDGs (25 September 2013) and the High Level Dialogue on Migration and Development (3-4 October 2013). The EC also contributed to more than 50 UN General Assembly resolutions with a direct impact on EU development policy as well several resolutions or ministerial declarations of the UN Economic and Social Committee. Cooperation with UN agencies, funds and programme was actively pursued with particular emphasis on giving visibility to our partnership.
- The EC strengthened strategic partnerships with IMF for Sub Saharan Africa, Middle East and North Africa (e.g. on Public Financial Management (PFM), vulnerability and shock absorption mechanisms, fragility, capacity building) and with both the WBG and AfDB on Africa (e.g. on budget support in fragile contexts, sustainable energy for all, food and nutrition security). With the Inter-American Development Bank, the partnership was underscored with a Memorandum of Understanding signed by Vice President Rehn, Commissioner Piebalgs and President Moreno.

**ACTIVITIES 19 11 and 21 08 “POLICY STRATEGY AND COORDINATION” - *Specific Objective 2 is implemented according to the plan.***

<b>Specific Objective 2: Improve decision making and programming through an effective use of evaluations.</b>		
<b>Result indicators</b>	<b>Target (result)</b>	<b>Current situation (as achieved)</b>
<b>Actions taken at key levels (political, programming and operational) in response to</b>	Evaluation results have positively influenced decision-making at political, programming and	<ul style="list-style-type: none"> <li>• Evaluation results have positively influenced decision-making at political, programming and</li> </ul>

<b>evaluation conclusions and recommendations.</b>	operational levels.	operational levels; <ul style="list-style-type: none"> <li>• Key evaluations discussed by management and responsibility for follow-up action decided;</li> <li>• 'Fiches contradictoires' (giving clear management response to evaluation recommendations) completed and follow-up monitored;</li> <li>• Checking the integration of evaluation recommendations in programming documents through the CTM.</li> </ul>
<b>Main outputs 2013</b>		
<p>Strategic evaluations completed in 2013 :</p> <ul style="list-style-type: none"> <li>• Evaluation of EU support to European Neighbourhood Policy Regions</li> <li>• Evaluation of Tanzania - Budget Support</li> <li>• Evaluation of South Africa – Budget Support</li> <li>• Evaluation of EU support to Private sector development;</li> <li>• Evaluation of Trade-related assistance;</li> <li>• Evaluation of EU support to integrated border management and fight against organised crime.</li> </ul> <p>For details about these evaluations (lessons learned and results) and the other evaluations conducted by other units and directorates of DG EuropeAid, please refer to annex IX.</p>		

**ACTIVITIES 19 11 and 21 08 “POLICY STRATEGY AND COORDINATION” - *Specific Objective 3 is implemented according to the plan.***

<b>Specific objective 3: Coordinate and promote EU Development Policy. Increase EU visibility in third countries, and increase EU citizens’ understanding of the external actions of the Union.</b>		
<b>Result indicators</b>	<b>Target (result)</b>	<b>Current situation (as achieved)</b>
<b>Degree of awareness of European citizens with respect to development policy (Euro-barometer opinion poll).</b>	Increased awareness amongst key multipliers about the achievements of EU development cooperation.	Support for development and aid remains high. 83% think that it is important to help people in developing countries, compared to 85% last year. The number of people who are in favour of the EU increasing its aid remains stable, at 61%.
<b>Development, launch and maintain new Website and social media accounts.</b>	Web and social media accounts launched and maintained, number of visitors increased.	The new website is currently under development and will be launched in 2014 improving EuropeAid's online presence. The number of unique visits to the current website was 3.092.462 in 2013 compared to 2.698.632 in 2012 (+ 15 %) EuropeAid has a social media strategy and is present on Facebook (since 2012) with 7121

		followers and Twitter (since 2012) with 3642 followers.
<p><b>Successful organisation of 'European Development Days' (EDD) and other political important events.</b></p>	<p>Maintain the number of stakeholders and level of media engagement, increase presence on social media and web.</p>	<p><b>EDD 2013:</b></p> <ul style="list-style-type: none"> <li>• Participation: 20% increase; Media coverage: 50% increase</li> <li>• FACEBOOK: 1364% increase for number of likes; 3333% increase for engagement during EDD</li> <li>• TWITTER: 142% increase of total number of followers</li> <li>• WEBSITE: 300% increase for total visits.</li> </ul> <p><b>MALI DONOR CONFERENCE:</b> 108 delegations; 174 media on site; over 400 high-level government representatives, local authorities, civil society, the Malian diaspora, women and private sector Donors pledge about €3.08 billion to aid Mali's recovery.</p>

#### Main policy outputs 2013

In 2013, DG EuropeAid continued implementing the 2012 communication strategy, focusing on the long-term value, impact and results of EU development cooperation; promoting the Agenda for Change and demonstrating the added value of European development cooperation. The strategy was updated to include the post-2015 MDG debate and the European Year for Development 2015 to its communication priorities.

Among the 2013 deliverables, it is worth mentioning :

- The "Annual Report on the European Union's development and assistance policies and their implementation in 2012";
- The brochure "EU contribution to the Millennium Development Goals";
- Two Eurobarometer surveys :
  - one Flash Eurobarometer for International Women's Day;
  - one Special Eurobarometer which illustrated EU citizens' views on development more generally, launched by Commissioner Piebalgs at the European Development Days;
- 129 press releases, 24 media factsheets and memos and 19 statements were produced and 720 requests for lines to take, journalists' questions or interview briefings fulfilled;
- Press trips were organised to accompany Commissioner Piebalgs' visits to Burundi, Guatemala, Malawi and Zambia, generating considerable media coverage;
- Regular journalist seminars were organised in Brussels (on fragility, education and at the European Development Days) and Lithuania (for the Eastern Partnership Summit);
- A PR strategy was set in place to collect media materials illustrating our work in five key sectors from Somaliland and Puntland, Zimbabwe, Burkina Faso, Myanmar, Ethiopia and Morocco.

**ACTIVITIES 19 11 and 21 08 "POLICY STRATEGY AND COORDINATION" - *Specific Objective 4 is implemented according to the plan.***

**Specific Objective 4: Manage the financing instruments' committees so that the DG delivers its policy objectives contributing to the Commission decision-making process in an effective, timely, efficient, coherent and accountable manner.**

Result indicators	Target (result)	Current situation (as achieved)
Delivery rate (opinion provided by EUMS via oral or written procedure) of draft implementing measures according to the annual planning of geographical and thematic services.	100% for the annual planning of the relevant services.	Target achieved as of 31.12.2013
<b>Main policy outputs 2013</b>		
<p>Activities included: the organisation, management and follow up of 31 meetings and 147 written procedures related to the 8 financing instruments' committees falling under the responsibility of EuropeAid. Extensive coordination with geographical and thematic directorates, FPI, EEAS, SG, as well as close contacts with EU MS delegates, were required. The legal obligation to inform Council and EP via the Registry for Comitology was duly fulfilled.</p>		

**ACTIVITIES 19 11 and 21 08 "POLICY STRATEGY AND COORDINATION" - Specific Objective 5 is implemented according to the plan.**

**Specific Objective 5: Establish and maintain dialogue and cooperation channels with the Council, the EP and other inter-institutional stakeholders (including the ACP-EU joint institutions) so that progress of legislative proposals and non-legislative initiatives put forward by the DG is smooth and efficient through the institutional system and beyond.**

Result indicators	Target (result)	Current situation (as achieved)
<p><b>EuropeAid suitably represented in all meetings in EU and joint ACP EU institutions of relevance to DG EuropeAid's activities and reports circulated on these meetings in a timely fashion.</b></p> <p><b>Questions/requests from institutions/bodies, including Parliamentary Questions, replied to within the deadline.</b></p>	<p>EuropeAid present at all relevant meetings; weekly report on these activities circulated.</p> <p>100% reply rate within the deadline; no appearance on SecGen's weekly blacklist.</p>	<p>Target achieved as of 31/12/2013</p> <p>As of 31.12.2013, 98% within the deadline : 2 questions blacklisted (as of GRI point 3.3 – contrôle de la procédure)</p>
<b>Main policy outputs 2013</b>		
<p>Activities included:</p> <ol style="list-style-type: none"> <li>Participation in EP Committees, Council WGs and joint EU-ACP bodies; follow-up to the discharge on budgetary/EDF execution in the EP; EuropeAid MM and colleagues concerned advised in a timely fashion about up-coming agenda items in the area of competence; EuropeAid intervention organised as necessary and EuropeAid contribution to overall Commission reporting ensured; preparatory meeting for Commissioner and EuropeAid MM with key actors in EU institutions organised ahead of crucial meetings, notably in the context of the Annual Budget Discharge Process.</li> <li>Organisation/coordination of inter service consultations in preparing replies to the EP. As of 31.12.2013, 378 questions chef de file (361 written and 17 priority ones) and 1223 questions <i>associées</i> (1170 written, 43 priority and 10 oral ones) were handled.</li> <li>Coordination of specific reports and briefings, as well as the production of a weekly note giving highlights from</li> </ol>		

the institutions and circulated to all senior and middle management.

**ACTIVITIES 19 11 and 21 08 “POLICY STRATEGY AND COORDINATION” - Specific Objective 6 is implemented according to the plan.**

**Specific Objective 6: Increasing quality and impact of EuropeAid managed external assistance and improving its accountability.**

**Result indicators**

*(Given that results are of a qualitative nature, quantitative indicators are not provided)*

**Programming**

- Launch of the Inter-service consultations on country and regional programming documents.
- Transmission of guidance on results and indicators to HQ services and Delegations.
- N° of programming documents assessed by the iQSG.

**Identification and design**

- Transmission of Instruction note on revised process and with revised templates and check-lists to HQ services and Delegations.
- N° of projects /programmes assessed under the new process.

**Monitoring, Evaluation and Reporting on results**

- Transmission of Instruction note on the M&E reform proposal to HQ services and Delegations.
- Transmission of Instruction note on the use of the monitoring toolkit to HQ services and Delegations.
- N° of operations registered in the CRIS data warehouse as using the new monitoring toolkit and number of operations for which reporting through EAMR traffic lights takes place.
- New ROM contracts signed.

**Transmission of the SWD on Results to Council and EP in spring 2013**

- Approval of EuropeAid Result Framework by the Commissioner. Transmission of a SWD (or Communication) on new EuropeAid Results Framework to Council and EP in autumn 2013.

**EuropeAid Programme-Project Cycle Management guidance documents**

- Transmission of guidance for PPCM to services and Delegations and publication in EuropeAid intranet/internet website.

**EuropeAid's new operational information management system: PCM platform**

- Effective use of PCM platform modules Pipeline (planning), QSG and project/programme Evaluation and ROM.
- Development of the first iterations of “programming” and “implementation” modules achieved.

**Main outputs 2013**

**Programming**

- Second phase of the programming process progressed slower than foreseen. Delays in submission of draft MIPs by Delegations and in organisation of CTM/PQSG meetings by the geo-services. Second phase of the country and regional programming process for 2014-2020 going into 2014.
- Guidance on results and indicators for EU Delegations in view to prepare the MIPs sent to Delegations and HQ services in August 2013.

- Complete overhaul and simplification of iQSG process into merged CTM/PQSG and assessment process initiated. In December 2013 14 CTMs took place where 14 EDF country MIPs were assessed.

#### **Identification and design**

- Revised peer review system of QSG initiated in autumn 2013. Draft revised single Identification *fiche* sent to services for comments end November 2013. To be followed by revised check list, revised action document and related checklist and, finally, revised Instruction note over first quarter 2014.

#### **Monitoring and Evaluation and Reporting on results**

- Management approval of reform proposals took place in second half of June 2013. Preparation of their implementation will continue throughout the first semester 2014.
- Introduction Internal Monitoring toolkit (also to be prototype of PCM Platform Implementation module) delayed as part of delay of implementation of M&R reform. Way to go about this will also depend on outcome of ongoing EuropeAid working group on strategic vision on IT needs.
- Tender notice for new generation ROM contracts launched in summer 2013, followed by evaluation of applications and establishment of shortlist, took place in second half 2013. Preparation tender dossiers to be finalised and restricted tender to be launched in first quarter upon revision of Management decision 2013 on M&R reform to be submitted to Management in March 2014.
- SWD Paving the way for an EU Development and Cooperation Results framework transmitted to Council and EP begin December 2013 (before FAC/Development Council of 12 December 2013).
- First list of indicators submitted to Commissioner end November 2013, revised list end January 2014, approved by Commissioner as basis for linking programming documents to the Results framework.

#### **Programme-Project Cycle Management guidance documents(PPCM)**

- Decision taken for complete overhaul of approach in setting up the guidance documents. Workshops unit and external support consultants took place in May, July and September 2013 to discuss and adopt new set up and first partial drafts.

#### **Information management system: PCM platform**

- Due to continued difficulties with outside contractor, progress substantially delayed. Particular focus on important insufficiencies of first module put into pilot production, e.g. QSG module. This led to new Director General's decision in IT Steering Committee of 10 December 2013 to create EuropeAid working group to come up with strategic vision on IT needs in March 2014. This will determine further decisions on PCM Platform. Over 2014, QSG module may nevertheless become operational in revised and improved version. ROM module equally to be operational by summer 2014 (Evaluation module possibly by end 2014.).
- Due to developments mentioned above the analysis and development of programming and implementation modules are delayed and dependent on decisions to be taken by IT SC in March/April 2014.

**ACTIVITIES 19 11 and 21 08 "POLICY STRATEGY AND COORDINATION" - Specific Objective 7 is being implemented according to the plan.**

**Specific Objective 7: Prepare the post 2013 financial instruments for external actions through support of their inter-institutional adoption process.**

Result indicators	Target <i>Implementation of the adopted new External Financing Instruments (EFIs) 2014-2020 as 1<sup>st</sup> January 2014 (retroactively)</i>	Current situation
Degree of acceptance of Commission	Consensus among Institutions on COM	Strategic Dialogue with EP (for

devco\_aar\_2013

<b>proposals for external actions post 2013 by EP and Council</b>	compromise proposals led to the political agreement of EP and Council on the new EFIs 2014-2020 in December 2013	the concerned instruments) / Programming process is currently underway
<b>Time necessary to reach a consensus on the next Commission proposals for external actions post-2013</b>	N.A	
<b>Main policy outputs 2013</b>		
<ul style="list-style-type: none"> <li>• Positive conclusion of the current negotiations with the Parliament and the Council led to the political agreement on the financial instruments 2014-2020 at the political trilogue held on 3 December 2013.</li> <li>• Consequently, the new external financing instruments (EFIs) proposed by the Commission in December 2011 which provide the strategic tools for more effective, and flexible action over the period 2014-20 will formally be adopted by the Council and the European Parliament as soon as the lawyer-linguist revision is achieved, normally in March-April 2014.</li> <li>• Over the period 2014-2020 the total amount in current prices, for the 6 following external relations instruments is €51.4 billion: Development Cooperation Instrument: €19.6 billion; European Neighbourhood Instrument: €15.4 billion; Pre-Accession Instrument: €11.7 billion; Instrument contributing to Stability and Peace: €2.3 billion; European Instrument for Democracy &amp; Human Rights: €1,3 billion; and Partnership Instrument: €0.9 billion.</li> <li>• In addition, the Instrument for Nuclear Safety Cooperation and the Instrument for Greenland, both adopted by the Council, will respectively provide €0.22 billion and €0.19 billion from the EU-budget.</li> <li>• A further €30.5 billion will be made available for cooperation with African, Caribbean and Pacific countries as well as Overseas Countries and Territories through the 11<sup>th</sup> European Development Fund, which will remain outside of the EU budget over the next period.</li> <li>• Overall funding for all external instruments including the ones above mentioned adds up to €96.8 billion.</li> </ul>		

**ACTIVITY “ADMINISTRATIVE SUPPORT” - *Specific Objective 1 is implemented according to the plan.***

<b>Specific Objective 1: Establish, perform, monitor and report on the financing of the DG's activities so that sound and regular financial management of development activities is assured.</b>		
<b>Result indicators</b>	<b>Target (yearly target)</b>	<b>Current situation (2013)</b>
Key budget management indicators of the DG followed (budget execution, D+3, N+1, payment deadlines, etc.).	Indicators remain within margins of objectives set.	Indicators followed at monthly intervals – more frequently towards year-end.

<p><b>Timely preparation for all activities relating to the 2014 budget preparation and 2013 ABM cycle.</b></p>	<p>All activities to be accomplished within the deadlines set.</p>	<ul style="list-style-type: none"> <li>• Budget 2014 adopted by the Budgetary Authority in November 2013.</li> <li>• Annual Activity Report 2012 submitted to central services in March 2013.</li> <li>• Management Plan 2014 prepared in December and adopted in January 2014 within deadlines.</li> <li>• Revised EAMR in production on 03/02/2013.</li> </ul>
<p><b>Main outputs for 2013</b></p>		
<ul style="list-style-type: none"> <li>• The 2014 Draft Budget was prepared in due time according to the instructions, despite the difficulties of dealing both with a new Multiannual Financial Framework, not yet agreed, and with new Programme Statements to be defined. The Management was regularly informed. The internal and external coordination (with EEAS, DG Budget) were ensured. The answers to questions from DG BUDG or the Parliament were answered timely. The participation at Parliament Committee meetings on budget issues was ensured.</li> <li>• Monthly and, by the end of the year, weekly monitoring of the commitment and payment forecasts and implementation was conducted so as to maximise the implementation rates for 2013.</li> <li>• The payment appropriations in the 2013 budget were insufficient by around €293 million, mainly on the DCI thematic budget lines. As the necessary reinforcement was not approved by the Budget Authority, the payment of the invoices concerned had to be delayed to following year, thus putting more pressure on the already too tight payments budget of 2014.</li> <li>• Regarding the budgetary nomenclature, during 2013 the Commission proposal was adopted (with only a small change for DCI budget lines) and the new structure is used for the 2014 Budget and the preparation of the 2015 Draft Budget. The work at DG level for the Draft Budget 2015 was launched in December 2013 and will continue until March 2014.</li> <li>• Both Budget and EDF 2012 annual accounts were prepared and sent to DG BUDG. The deadline for submitting the reports to DG BUDG are very short (especially for EDF where the accounts have to be transmitted even 15 days before those for the general budget). Despite the numerous difficulties, both the Budget and the EDF accounts for 2012 received a positive review from the Court of Auditors.</li> <li>• Preparation of forecast financial needs of the European Development Funds in coordination with EuropeAid's Directorates C, E, G, H and the EIB.</li> <li>• Timely information to MS and OECD and improvement of data quality: 2013 Advanced questionnaire on main ODA Aggregates sent on time to OECD and Member States (March). Accurate estimate of ODA sent to MS on time. OECD-DAC 2013 Survey on Aid Allocations and Indicative Forward Spending Plans provided to the OECD. DAC questionnaire and CRS++ for the notification of aid flows in 2012 provided to the OECD ensuring high quality data. Business rules introduced in CRIS (DAC form) to improve data quality, contacts with OECD, DG Enlargement and the EIB to improve quality of contributions.</li> <li>• The modified Charters of tasks and responsibilities of the Authorising Officer by sub-delegation for the Budget and for the EDF and the corresponding acknowledgement of receipts have been sent to the Authorising Officers and their substitutes.</li> <li>• Accounting Quality: during 2013, we launched operations of cleaning of the Workflow with a purpose of: <ul style="list-style-type: none"> <li>○ lower the global amount in the workflow (invoices blocked sometimes for months/years);</li> <li>○ speed up the encoding of invoices (target of 5 days to encode an invoice);</li> <li>○ improve payment delays (right use of suspensions, follow-up of payments);</li> <li>○ increase the quality of the accounting data (recovery context).</li> </ul> </li> <li>• The directorate ensures, for all EU external aid funds, the publication of all grant and procurement notices in centralised management by the Commission (EuropeAid, ELARG, FPI, etc.) and all international procurement notices in decentralised management by Beneficiary States. Throughout the year 613 contract notices were published.</li> </ul>		

**ACTIVITY "ADMINISTRATIVE SUPPORT" - Specific Objective 2 is implemented according to the devco\_aar\_2013**



plan.

Specific Objective 2: Implement an active human resources policy to attract, deploy, develop and retain highly qualified staff in both Headquarters and EU delegations and provide them with working conditions to support them in the accomplishment of their tasks.		
Result indicators	Target (long-term)	Current situation (as achieved)
Vacancy rate for officials at HQ.	Vacancy rate EuropeAid below average vacancy rate of the Commission. Attracting new staff in the DG is limited by the constraints of the annual rotation exercise. It is also limited by the constraints of staff cuts and redeployment policies across the Commission.	3.9%
Vacancy rate for officials in Delegations.	Vacancy rate EuropeAid below average vacancy rate of the Commission.	8% <i>(Note: an important number of posts for officials in delegations are located in countries with a high risk profile, making it more difficult to attract and retain staff. Also, due to the implementation of the Workload Assessment conclusions, a number of posts subject to reallocation are still vacant).</i>
Consumption of credits for Contractual Agents.	Level of annual payment credit around 95% of the total HQ available ceilings for 2013.	Global execution of CA credits: 99.7% (99.8% on Global envelop credits and 100% on former BA lines).
Efficient management of the rotation exercise for staff in delegations.	At least 85 % of rotation posts filled within prescribed time limits.	As per 1/09/2013, 99 EuropeAid posts out of a total of 109 included in the rotation exercise were filled, which represents 90.8%. At year-end, only 4 posts remained vacant in this context.
Satisfaction rate of training/courses offered by EuropeAid.	Keep the satisfaction rate above 75% in 2013.	Rate based on the question "overall evaluation of training" asked to all participants: 81% in 2012.
Main outputs for 2013		
<p><b>HR in Headquarters:</b></p> <ol style="list-style-type: none"> <li>During 2013, two major reorganisations entered into force. <ul style="list-style-type: none"> <li>In January 2013, the important organisation changes were: <ul style="list-style-type: none"> <li>split of the Directorate responsible for Africa into two separate Directorates, with responsibility for respectively East/Southern Africa-Indian Ocean and West/Central Africa;</li> <li>suppression of Directorate B responsible for quality and impact with a revamping of the mission and structure of Directorate A;</li> <li>merge of finance and contracts units in the thematic directorates as well as in Africa;</li> <li>merge of the two human resources units and creation of a centre of gravity.</li> </ul> </li> </ul> </li> <li>In September 2013, a reorganisation of Directorate A in order to: <ul style="list-style-type: none"> <li>focus on all key international debates on MDGS/SDGs, and the related issues of development aid effectiveness and financing;</li> </ul> </li> </ol>		

devco\_aar\_2013

- attach the budget support functions to the Director General as chairman of the Budget Support Steering Committee;
- attach Quality of Delivery systems and Evaluation to the DDGs.

Pending the adoption of the new staff regulation and in order to ensure business continuity as well as retain expertise, EuropeAid has put in place bridging measures for contractual agents, through interim contracts until year-end.

A workload assessment in Headquarters has been launched with a view to integrate its results into the DG staff-cuts policy for period 2014-2017.

A list of sensitive functions is being established and will be adopted in the course of 2014.

**HR in Delegations:**

- The implementation of the WLAD exercise is still ongoing and will be completed in the first semester of 2014.
- The new "Job Context" module in Sysper2 has been released on 1<sup>st</sup> December 2013, after the correction of the discrepancies (+/- 800) between Commission and EEAS data. This module replaced the existing "Job Mirroring" mechanism and allowed a direct link between the Commission and EEAS HR data registered in Sysper2.
- The annual exercises regarding evaluation, promotion, certification and mobility of officials have been completed successfully. The same is true for the evaluation and promotion exercise for contract and local agents.

**Training:**

- Training courses were provided and new course modules were developed. Joint donor network Train4Dev supported. Learning and development strategy for 2013-2020 was developed.
- Maintenance, training and users support of document management systems and processes (ARES) were provided, including for the EuropeAid staff in delegations.

**Document Management:**

- Maintenance of central archives.
- Document access and personal data protection issues analysis, advice and solutions were ensured. The security of information system reliably maintained.

**GBI:**

- Optimal distribution and use of office space, equipment and supplies ensured.

**Business continuity:**

- Maintenance of crisis management framework, Business Continuity and ARGUS processes.

**ACTIVITY "ADMINISTRATIVE SUPPORT" - *Specific objective 3 is implemented according to the plan.***

**Specific Objective 3: (*Obligatory objective*) Establish the legal and procedural framework, and implement, maintain and report on an effective internal control system so that:**

- reasonable assurance can be given that resources assigned are used according to the principles of sound financial management;
- the control procedures put in place give the necessary guarantees concerning the legality and the regularity of the underlying operations, and;
- the risk of errors or fraud in operations is minimised.

Result indicators	Target	Current situation
-------------------	--------	-------------------

devco\_aar\_2013

	(result)	(2013)
<b>Net residual error rate on payments</b>	< 2%	The result of the 2013 Residual error rate is 3.35%. The result of the 2012 RER study was 3.6% which prompted a reserve by the Director General in his Annual Activity Report 2012.
<b>% of (external) audit plan contracted by year end</b>	≥ 60%	63%
<b>No of outstanding Critical and Very Important IAC/IAS/ECA recommendations more than 6 months over original deadline at year end</b>	≤ 15% (of Critical and Very Important IAC/IAS/ECA recommendations ongoing at year end to be more than 6 months over original deadline)	44% => the IAS decided to reopen some recommendations that have previously been regarded as closed by DG EuropeAid. The percentage is therefore higher than the target.
<b>% of total value of the financial follow-up on closed OLAF cases decided in 2013 - which are recovered (inc. offsetting).</b>	≥ 60%	54% => Due to substantial waivers issued relating to two NGOs the target set could not be reached. Without these two NGOs the percentage of recoveries (including off-setting) would have been 78 %.

#### Main outputs for 2013

- Definition of the accounting and sub-delegation rules, and maintenance of the security of these systems.
- Implementation of working arrangements with the EEAS.
- Contribution to finalizing the MFF package and finalizing the negotiations of the Common Implementing Regulation. The Practical Guide to contract procedures for external actions, the EuropeAid Companion to contractual and financial procedures and the associated templates were revised accordingly.
- Preparation of Indirect management by finalizing the Indirect Management Delegation Agreement and start of negotiations on revision of Framework Agreements with International Organizations.
- Provision of legal advice and assistance.
- The DG EuropeAid Companion was revised to include the updated description of the framework for audits of external operation including the audit strategy.
- Specific terms of reference (ToR) for verification missions of UN-managed actions issued in 2013. Two sets of ToR for Pillar Assessments of the International Organisations entrusted with implementation of the EU Budget under indirect management were adopted ( one set of ToR is to be used for assessments contracted by the Commission whereas the other one can be used by IOs launching assessments themselves. A strategy for the (re)assessment of IO's in 2014 was adopted by EuropeAid management. Specific ToR for verification missions of World Bank Group managed actions, issued.
- CRIS Audit module has been improved during 2013, and it contains now improved information regarding the follow-up of audits and expenditure verifications. The tool should be fully operational and available to HQ and Delegations by end 2014.
- Proposals made to improve the quality of the work of auditors contracted by beneficiaries and of auditors contracted outside the audit framework contract.
- DG EuropeAid provided 7 full week training and guidance to staff in HQ and Delegations on audit and audit

related issues with the purpose of improving the quality and efficiency of the planning and implementation of audits and verifications of external aid actions.

- Preparatory work was conducted in 2013 (an in-depth review and overhaul of the tender documents) prior to the launching of the tender process for the Audit Framework Contract 2014.

**ACTIVITY “ADMINISTRATIVE SUPPORT” - Specific Objective 4 is implemented according to the plan.**

**Specific Objective 4: Define, plan, set-up, maintain and develop high quality Information Technology (IT) infrastructures, tools and services so that (i) the staff is adequately supported in their operation, with the appropriate levels of training and security, and that (ii) the information system is managed in the most rational manner to support DG EuropeAid's activities more effectively.**

Result indicators	Target (result)	Current situation (as achieved)
<b>Alignment with the initial objectives of the Schéma directeur.</b>	Number of projects carried out and approved by the System Owner.	When considering actions that were not postponed, delayed, frozen or cancelled, the execution rate figure is 93%.
<b>Respect of IT and business governance.</b>	100% of projects are covered by business and IT governance.	100% of the projects are covered by business and IT governance.
<b>Adequate informatics support.</b>	IT Infrastructure Support: 70% of the calls are closed within the same day IS Support (2nd level): 50% of the calls are closed within one week.	<ul style="list-style-type: none"> <li>• DG EuropeAid Infrastructure Support has migrated to ITIC in September 2013. The average rate of calls closed within one day is 87,66%</li> <li>• IS Support (1st level): In average, 87,59% of the calls are closed within one week</li> <li>• IS Support (2nd level): In average 70,37% of the calls are closed within one week</li> </ul>
<b>Degree of satisfaction of users concerning Helpdesk (Support bureautique).</b>	>80% of users evaluate good, very good or neutral.	A new satisfaction survey was carried out in 2013 and showed a satisfaction rate of 83% of satisfied or very satisfied users.
<b>Degree of satisfaction of users concerning Information Systems Support.</b>	≥ 66% of users are satisfied with the service.	A new survey has been launched in September 2012. The analysis of the results show that 74% of users are satisfied with the service.
<b>Updated process models for core processes.</b>	100% of local information systems are covered by a corporate process registered in ARIS.	95% of EuropeAid local systems are supported by a business process model in ARIS (the 5% corresponds to the systems EAMR and Financial Forecast, for which process models exist but need to be updated to reflect the introduction of the latest system).
<b>Main outputs for 2013</b>		

- Infrastructure: successful migration of EuropeAid's infrastructure to ITIC, move of SC-15 and reorganisation of DG EuropeAid of 01/01/2013. .
- Major improvement of data quality in CRIS by the way of several actions: a Data Quality Schema Directeur outlining a 3 years action plan to address the most urgent data quality issues, the correction of 2600 contracts (out of 22 000 contracts) in compliance with an audit recommendation and the completion of a study regarding the improvement of CRIS User Interface with the objective to streamline the data encoding.
- With regards to the PCM programme, whose objective is to bridge the gap between IT and EuropeAid's core

business, the PCM-oQSG module, which covers the identification and formulation business process, was deployed in pilot phase.

- Collaboration with DG HR in order to fulfil the specific needs related to the management of staff in delegations with corporate systems.
- In line with its ongoing strategy to progressively replace DG EuropeAid systems/modules with their corporate equivalent, CRIS Guarantees module has been phased out and replaced by corresponding ABAC module.
- CRIS system was timely adapted to the new financial regulations.
- In order to enhance its communication towards grant applicants, DG EuropeAid has launched the PROSPECT project, to implement a new Call For Proposal Management System.
- Centralisation of the IS support. From an overall perspective, the communication towards internal IT users was strengthened by appointing a SPOC (Single Point Of Contact) for all issues related to information systems.

**ACTIVITY “ADMINISTRATIVE SUPPORT”- *Specific Objective 5 is being implemented according to the plan.***

**Specific Objective 5: Internal audit capability - Help DG EuropeAid accomplish its objectives by bringing a systematic approach to evaluate and improve the effectiveness of risk management, control and governance processes.**

Result indicators	Target (result)	Current situation (as achieved)
Number of recommendations issued accepted by management.	At least 80%	100%
<b>Main outputs 2013</b>		
<ul style="list-style-type: none"> <li>• Audits as defined in the IAC audit plan for 2013.</li> <li>• During 2013 EuropeAid IAC has concluded two full audits: “Cross Border Cooperation” and “Management of EuropeAid Resources in EU Delegations” and two follow-up audits: “FUP2 Human Resources Development in Delegations” and “Derogations, Other exceptions and Prior Approval”. At the end of 2013 two other full audits were well advanced: “Identification and Management of Recoveries” and “Communication flows between EuropeAid Headquarters and EU Delegations” and a third one: “Management System of Audit Recommendations” was launched in October.</li> </ul>		

**ACTIVITY “ADMINISTRATIVE SUPPORT” - *Specific Objective 6 is implemented according to plan.***

**Specific Objective 6: Adoption of an Anti-Fraud Strategy on DG level.**

Result indicators	Target (result)	Current situation (as achieved)
-------------------	-----------------	---------------------------------

<b>Anti-Fraud Strategy available on EuropeAid Intranet</b>	EuropeAid’s anti-fraud strategy implemented (2014-2015). Priorities for the period: <ul style="list-style-type: none"> <li>• to increase fraud-related awareness at all levels of preparation and implementation;</li> <li>• improve the skills of financial and operational actors in preventing and detecting fraud;</li> <li>• ensure the information flow in terms of prevention, detection and response to fraud.</li> </ul>	Anti-fraud strategy developed as foreseen in the Commission’s overall anti-fraud strategy.
<b>Main outputs for 2013</b>		
<ul style="list-style-type: none"> <li>• Four meetings of the dedicated working group to elaborate draft text for Anti-Fraud Strategy.</li> <li>• Draft text of the anti-fraud strategy adopted in management November 2013.</li> <li>• Action plan for addressing the weaknesses identified in EuropeAid control system developed and launched.</li> </ul>		

## 1.2 Strategic evaluations – overview

The DG EuropeAid manages strategic evaluations, covering geographic (country and regional), thematic and sector programmes, and aid delivery mechanisms. Evaluations are carried out by independent external consultants following a standardised methodology in a transparent way. All evaluation reports and the responses to their recommendations are made public (for details please see below the inventory of all strategic evaluations carried out by the Evaluation Unit of DG EuropeAid during 2007-2013). These evaluations provided important feed-back for the definition of the new financial instruments for the 2014-2020 financial framework. The Evaluation Unit follows a multi-annual Work Programme approved by the Commissioner Piebalgs, in agreement with Ms Ashton, Ms Georgieva and Mr Füle.

In 2013, the Evaluation Unit finalised and published six evaluations: a regional evaluation on EU support to European Neighborhood Policy Regions, two Budget Support evaluations (for Tanzania and South Africa), and three thematic evaluations: Private sector development; Trade-related assistance; and support to integrated border management and fight against organised crime. Fifteen evaluations were launched during the year: nine geographic evaluations (Bolivia, Georgia, Jordan, Central America, Haiti, Palestine, Togo, Madagascar and Timor-Leste); two evaluations of Budget Support (Mozambique and Burundi); four thematic evaluations: Environment, Gender, Research and Innovation and Transport. Eight evaluations, launched in 2012, were on-going: Asia (regional), Burundi (joint geographic evaluation), Cameroon, Kenya, Morocco (Budget Support), Pacific (regional), Democratic Republic of Congo and Yemen.

The synthesis of key lessons learned and the results of the strategic evaluations finalised in 2013 is included in section 2.1.4 “Other control objectives: use of resources for their devco\_aar\_2013

intended purpose, reliability of reporting, safeguarding of assets and information”.

Seminars were organised in Brussels and in the respective countries to share the results of the evaluations. Following the evaluations of the provision of budget support to Tanzania and South Africa, seminars were held both in the respective countries and in Brussels because of the interest generated.

Year	Title of the evaluation and direct link to the report
2013	<ul style="list-style-type: none"> <li>• <a href="#">Budget Support in South Africa- 2013</a></li> <li>• <a href="#">Budget Support to Tanzania: Lessons learned and recommendations for the future- 2013</a></li> <li>• <a href="#">EU Support to two European Neighbourhood Policy Regions (East and South) - 06/2013</a></li> <li>• <a href="#">EU Support to Integrated Border Management and fight against Organised Crime - 04/2013</a></li> <li>• <a href="#">EU Trade-related Assistance in Third Countries - 04/2013</a></li> <li>• <a href="#">EU Support to Private Sector Development- 03/2013</a></li> </ul>
2012	<ul style="list-style-type: none"> <li>• <a href="#">Country Level Evaluation - Zambia - 09/2012</a></li> <li>• <a href="#">EC Co-operation with Colombia - 10/2012</a></li> <li>• <a href="#">Country Level Evaluation - Jamaica- 09/2012</a></li> <li>• <a href="#">Evaluation of EC Co-operation with Ecuador- 09/2012</a></li> <li>• <a href="#">Evaluation of Commission's cooperation with the Council of Europe -09/2012</a></li> <li>• <a href="#">Evaluation Methodology &amp; Baseline Study of European Commission Technical Cooperation support - 09/2012</a></li> <li>• <a href="#">Regional Level Evaluation of EU cooperation with the Caribbean Region - 08/2012</a></li> <li>• <a href="#">Thematic Evaluation of the European Commission support to the health sector – 09/2012</a></li> <li>• <a href="#">Thematic Evaluation of the Visibility of EU external action – 06/2012</a></li> <li>• <a href="#">EU Cooperation with Djibouti - 06/2012</a></li> <li>• <a href="#">Thematic Global Evaluation of the Commission of the EU's support to agricultural commodities in ACP countries - 04/2012</a></li> <li>• <a href="#">EU Cooperation with Honduras - 04/2012</a></li> <li>• <a href="#">EU Cooperation with Congo - 03/2012</a></li> <li>• <a href="#">EU Cooperation with Nepal - 03/2012</a></li> <li>• <a href="#">EU Cooperation with Ethiopia- 01/2012</a></li> <li>• <a href="#">Commission support to decentralisation processes- 02/2012</a></li> </ul>
2011	<ul style="list-style-type: none"> <li>• <a href="#">EC Cooperation with the Philippines- 06/2011</a></li> <li>• <a href="#">EC Support to respect of Human Rights and Fundamental Freedoms- 12/2011</a></li> <li>• <a href="#">Country Level Evaluation - Republic of Malawi- 11/2011</a></li> <li>• <a href="#">EC Support in the Sectors of ESI (Employment and Social Inclusion) - 09/2011</a></li> <li>• <a href="#">EC Support to Justice and Security System Reform- 11/2011</a></li> <li>• <a href="#">Region Level Evaluation Overseas Countries and Territories- 06/2011</a></li> <li>• <a href="#">Commission of the EU's Co-operation with the Dominican Republic- 11/2011</a></li> <li>• <a href="#">Legal Instruments and Lessons Learned from the Evaluations managed by the Joint Evaluation Unit- 07/2011</a></li> <li>• <a href="#">EC Support to Conflict Prevention and Peace-Building- 10/2011</a></li> <li>• <a href="#">Budget Support operations in Mali- 9/2011</a></li> <li>• <a href="#">Coopération de la Commission Européenne avec la Tunisie- 5/2011</a></li> <li>• <a href="#">Opérations d'aide budgétaire de la CE à la Tunisie- 03/2011</a></li> </ul>

2010	<ul style="list-style-type: none"> <li>• <a href="#">Co-operation of the EC and Spain with Senegal</a>- 12/2010</li> <li>• <a href="#">Investment Facility and EIB own resources operations in ACP countries and the OCTs</a>- 09/2010</li> <li>• <a href="#">EC Co-operation with Ukraine</a>- 12/2010</li> <li>• <a href="#">EC support to the education sector in partner countries</a>- 12/2010</li> <li>• <a href="#">EC Support to Egypt</a>- 12/2010</li> <li>• <a href="#">Country Level Evaluation - Liberia</a>- 12/2010</li> <li>• <a href="#">Country Level Evaluation - Maldives</a>- 11/2010</li> <li>• <a href="#">Cooperation with Niger</a> - 05/2010 - ref. 1278</li> <li>• <a href="#">EC Support to Conflict Prevention and Peace Building</a>- 09/2010</li> <li>• <a href="#">Country Level Evaluation Nigeria</a> - 05/2010</li> <li>• <a href="#">Coopération de l'UE avec le Burkina Faso</a> - 05/2010</li> <li>• <a href="#">EC Co-operation with El Salvador</a> - 03/2010</li> </ul>
2009	<ul style="list-style-type: none"> <li>• <a href="#">EC Co-operation with Botswana</a> - 12/2009</li> <li>• <a href="#">EC Co-operation with Namibia</a> - 12/2009</li> <li>• <a href="#">EC Co-operation with Nicaragua</a> - 11/2009</li> <li>• <a href="#">EC Co-operation with Thailand</a> - 10/2009</li> <li>• <a href="#">EC Co-operation with Vietnam</a> - 10/2009</li> <li>• <a href="#">Country Level Evaluation Uganda</a> - 11/2009</li> <li>• <a href="#">Country Level Evaluation Angola</a> - 09/2009</li> <li>• <a href="#">EC Co-operation with Malaysia</a> - 09/2009</li> <li>• <a href="#">EC Support to Conflict Prevention and Peace Building</a> - 07/2009</li> <li>• <a href="#">EC Co-operation with ASEAN</a> - 06/2009</li> <li>• <a href="#">EC Co-operation with the LAO PDR</a> - 06/2009</li> <li>• <a href="#">EC Co-operation with the Central African Republic</a> - 06/2009</li> <li>• <a href="#">Council Regulation N° 2698/2000 (MEDA II) and its implementation</a> - 06/2009</li> <li>• <a href="#">Coopération de la CE avec la République du Tchad</a> - 03/2009</li> </ul>
2008	<ul style="list-style-type: none"> <li>• <a href="#">Synthesis of the geographical evaluations managed by the Evaluation Unit (1998-2006)</a> - 10/2008</li> <li>• <a href="#">EC Support to the Region of Eastern and Southern Africa and the Indian Ocean</a> - 12/2008</li> <li>• <a href="#">EC aid channelled through civil society organisations</a> - 12/2008</li> <li>• <a href="#">EC Aid Delivery through Development Bank and EIB</a> - 11/2008</li> <li>• <a href="#">EC Support to the Republic of Guyana</a> - 09/2008</li> <li>• <a href="#">Stratégie Régionale de la CE en Afrique de l'Ouest</a> - 05/2008</li> <li>• <a href="#">Methodology for Evaluations of Budget Support - Issue Paper</a> - 05/2008</li> <li>• <a href="#">EC External cooperation with partner countries through the organisations of the UN family</a> - 05/2008 -</li> <li>• <a href="#">EC Support to Partner Countries in the area of Energy</a> - 04/2008</li> </ul>
2007	<ul style="list-style-type: none"> <li>• <a href="#">EC Support to the Republic of Mozambique</a> - 12/2007</li> <li>• <a href="#">EC Support to the ACP SADC Region</a> - 10/2007</li> <li>• <a href="#">Co-ordination, Complementarity and Coherence in EU development policy: a synthesis</a> - 11/2007</li> <li>• <a href="#">EC Support to the Republic of Moldova</a> - 11/07</li> <li>• <a href="#">Evaluation of the Commission's support to the ACP Pacific region</a> - 09/2007</li> <li>• <a href="#">Cooperación Regional de la CE en América Central</a> - 07/2007</li> <li>• <a href="#">EC Support to the Republic of India</a> - 08/2007</li> <li>• <a href="#">EC Support to the Hashemite Kingdom of Jordan</a> - 08/2007</li> <li>• <a href="#">Développement rural et agricole</a> - 07/2007</li> <li>• <a href="#">Coopération de la CE avec la Bolivie</a> - 07/2007</li> <li>• <a href="#">EC Co-operation and Partnership with the People's Republic of China</a> - 04/2007</li> <li>• <a href="#">Commission Support for Statistics in Third Countries</a> - 02/2007</li> </ul>



### 1.3 Specific efforts to improve 'economy' and 'efficiency' of spending and non-spending activities.

According to the financial regulation (Art 30), the principle of economy requires that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and the best price. The principle of efficiency concerns the best relationship between resources employed and results achieved.

The respect of these principles is continuously pursued through the implementation of internal procedures and predefined practices. These procedures ensure that activities are executed in an efficient manner (e.g. the different workflows contribute to the efficient cooperation between staff, units, etc...) and according to the principle of economy (e.g. the procurement rules ensure procurement in optimal conditions).

DG EuropeAid is continuously fine-tuning its internal arrangements in order to improve the efficiency and economy of its operations. The following two initiatives show how these principles are implemented in our DG.

#### 1.3.1 Example 1 (economy)

##### Workload assessment

The implementation of the objectives of the new development policy framework will have a significant impact on staff allocation. To deliver this new policy rapidly and efficiently means allocating resources appropriately, in terms of numbers and profiles alike, both at headquarters and in delegations, while in the same time mitigating the effect of staff cuts foreseen for the new Financial Framework 2014-2020. Several exercises have been concluded or launched to deal with these challenges and propose mitigation actions:

1. The conclusions of the Workload Assessment in Delegations (WLAD) were implemented in 2013. This exercise aimed to ensure that EuropeAid has appropriate human resources in terms of numbers and expertise in EU delegations to match its priorities and that the work between the delegations is adequately distributed. It consisted notably in a major rebalancing of human resources (between delegations) both qualitatively and quantitatively as well as through the preparatory work for the creation of regional hubs for budget support and thematic expertise.
2. WLAQH: Workload Assessment of Staff at Headquarters: exercise launched in 2013, currently ongoing, with the purpose of reflecting on how to use the human resources at headquarters, and how to ensure that they are allocated in the most effective manner. This reflection is closely linked to the reduction of staff to be absorbed during the Financial Perspective 2014-2020. Its overall

objective is to assist the top management in identifying possible imbalances of resources with a view of optimising staff allocation, i.e. to ensure that we have allocated the resources needed to carry out our priorities for the years ahead.

### 1.3.2 Example 2 (efficiency)

#### Implementation of the Agenda for change

In 2011 The Commission (and the HRVP in the case of the neighbourhood policy) has fundamentally reformed the development and Neighbourhood policies, via the policy documents “Increasing the impact of the EU Development Policy: An *Agenda for Change*”, “a new *Neighbourhood Policy*” and new governance arrangements for budget support. Together, they form the EU's new development policy framework.

In 2012 and 2013, DG EuropeAid worked at implementing the principles and priorities introduced by the Agenda for Change to achieve more effective cooperation and higher impact in terms of poverty reduction. Concretely DG EuropeAid concentrated on applying the principles of:

- Concentration by moving away from the traditional attitude of thinly spreading the funds by seeking to be everywhere and doing everything. The priority will be to promote responsible governance, economic development and job creation in the partner countries and concentrate on sectors with higher development multiplier. The sectors on which DG EuropeAid will choose to focus must be carefully selected taking also into account the available resources and the know-how. Some sectors in particular must be the forefront of EuropeAid’s priorities:
  - Sustainable energy/food security
  - Sustainable energy
  - The private sector as a vector for development
- Differentiation which must become a reality in relation with partner countries, and this would both better reflect needs, capacities, commitments and performance and increase the leverage of our funding where it is most needed and can have the highest impact - mostly in the Neighbourhood and Sub-Saharan, including fragile states.

## 2. MANAGEMENT OF RESOURCES

Assurance is an objective examination of evidence for the purpose of providing an assessment of the effectiveness of risk management, control and governance processes. This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the Director-General. The main reports produced are:

- the reports by AOSDs (including the External Assistance Management Reports);
- the reports from Authorising Officers in other DGs managing budget appropriations in cross-delegation;
- the reports on control results from management/audit authorities in Member States in shared management as well as the result of the Commission supervisory controls on the activities of these bodies;
- the reports on control results from entrusted entities in indirect management as well as the result of the Commission supervisory controls on the activities of these bodies;
- the contribution of the Internal Control Coordinator, including the results of internal control monitoring at the DG level;
- the reports of the ex-post supervision or audit;
- the opinion and the observations of the Internal Audit Capability (IAC);
- the observations and the recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA);
- the reports of the verification missions carried out by EuropeAid HQ in Delegations.

This section reports the control results and other relevant elements that support managements' assurance on the achievement of the internal control objectives. It is structured in three separate sections: (1) the DG's assessment of its own activities for the management of its resources; (2) the assessment of the activities carried out by other entities to which the DG has entrusted budget implementation tasks; and (3) the assessment of the results of internal and external audits, including the implementation of audit recommendations. Annex 5 outlines the main risks together with the control processes aimed to mitigate them and the indicators used to measure the performance

of the control systems.

## Introduction (key controls by management mode, control pyramid)

### *Key controls by management mode*

New management modes entered into force in January 2014. These are direct management (grants or procurement), indirect management and shared management.

However during 2013 the management modes continued to be ruled by the previous Financial Regulation and Implementing Rules.

In the light of the new classification of management modes, the system in 2013 was as follows:

#### ➤ *Direct management*

- **'Centralised-direct' management.** This management system was used, inter alia, for the management of thematic budget lines, budget support and some regional programmes and is most commonly used for activities financed by the EC General Budget.

#### ➤ *Indirect management*

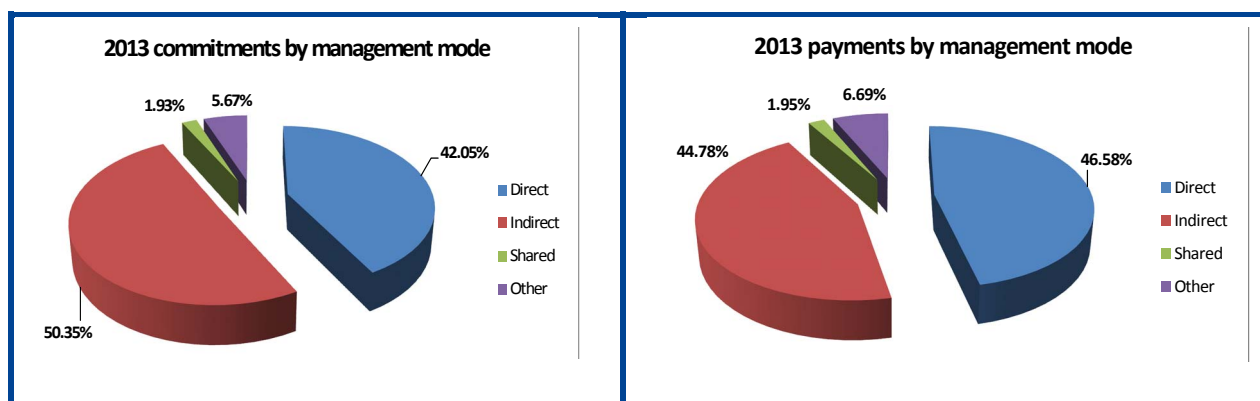
- **Centralised indirect management.** It emerged more prominently in 2008 / 2009 in the context of the aid effectiveness agenda through delegation agreements with national donor bodies (see Annex 6). It is also used for cooperation through the Commission's executive agencies.
- **Decentralised management.** Most of DG EuropeAid's decentralised management was categorised as 'partial' meaning that European Commission's procedures may still be used and/or that payments may still remain the responsibility of the European Commission.
- **'Joint' management** means that certain implementation tasks are entrusted to an international organisation who may then use their own management procedures provided the accounting, audit, control and procurement procedures of the organisation offer guarantees equivalent to internationally accepted standards.

#### ➤ *Shared management*

- A small number of programmes under the European Neighbourhood Policy Instrument operate under **shared management** with EU Member States for Cross Border Co-operation.

The choice of management system was based on the risk environment, the appropriate implementing partners and other qualitative criteria.

The relative shares per management mode in 2013 were: direct management representing 42.05% of commitments and 46.58% of payments; indirect management (50.35 % of commitments and 44.78% of payments); and shared management (just below 2% of commitments and payments).



The control processes put in place by DG EuropeAid vary from one management mode or implementation modality to another. Some controls are implemented for all transactions regardless of the management mode or implementation modalities (i.e. ex-ante verification by EC operational and financial agents). Other controls are specific for the different management modes or implementation modalities.

The management assessment contributing to the reasonable assurance given by the Director General is informed by DG EuropeAid's performance in the following areas:

- Legality and regularity of transactions including preventive actions and detective and corrective measures;
- Sound financial management including contents of management reporting results of independent operational monitoring.

The coverage of each of these controls in relation to DG EuropeAid's key management systems is described in the table below in very simplified terms.

### Preventive, detective and corrective controls in relation to management system

Preventive, detective and corrective controls in relation to management modes											
From 01/01/2014		Direct Management (Commission)			Indirect Management					Shared Management (EU MS)	Other (incl BA lines)
Until 31/12/2013		Grant in direct management	Budget Support	Procurement in direct management	Centralised indirect (national development bodies)	Partially decentralised (beneficiary countries <sup>46</sup> )	Joint (international organisations)	ECHO (Cross-subdelegation)	EACEA (direct delegation from Commission)		
Legality and regularity checks	Institutional compliance assessments <sup>47</sup>	N/A	N/A	N/A	100%	N/A	100%	N/A	N/A	N/A	N/A
	External audits and verifications carried out by recipients of funds	100%	N/A	N/A <sup>48</sup>	N/A	N/A	N/A	N/A	N/A	100% <sup>49</sup>	N/A
	External audits and verifications carried out by the Commission <sup>50</sup>	>5% <sup>51</sup>	N/A	>5%	>5%	>5%	>5%	>5%	N/A	N/A	N/A <sup>52</sup>

<sup>46</sup> Procurement and programme estimates.

<sup>47</sup> See chapter 2.2.

<sup>48</sup> Applicable only for fee-based service contracts.

<sup>49</sup> Verification by the Courts of Auditors of the beneficiary countries.

<sup>50</sup> See chapter 2.1.4.d).

	Ex-ante transactional checks <sup>53</sup>	100%	100%	100%	100%	100%	100%	N/A	N/A	100% <sup>54</sup>	100%
	RER <sup>55</sup>	100%	100%	100%	100%	100%	100%	N/A	N/A	100%	100%
Sound financial management measures	Management reporting	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Independent operational monitoring (ROM) <sup>56, 57</sup>	33%	33%	33%	33%	33%	33%	N/A	N/A	33%	N/A

<sup>51</sup> The benchmark is related to the instructions in the Methodology for the Annual Audit Plan: "The Audit Coverage Ratio ('ACR') is an indicator which relates to the part of the basic population of contracts (e.g. a Delegation's contract portfolio) that will be made subject to audit and/or verification. The ACR is computed on the basis of *cumulative* payments for contracts: (Total amount **paid to date** for all contracts **selected for audit**/ Total amount **paid to date** for all contracts **in the basic population of contracts** excluding contracts for budget support) \* 100% = **Audit Coverage Ratio**

Each Delegation and each Directorate FCA unit (for the Directorate's part of the basic population of contracts) should in principle have an ACR of at least 5%.

<sup>52</sup> But on the spot visits by Commission staff.

<sup>53</sup> See chapter 2.1.4.e).

<sup>54</sup> By the Joint Managing Authority and thereafter by the Commission.

<sup>55</sup> See chapter 2.1.4.f).

<sup>56</sup> See chapter 2.1.7.

<b>Total Payments 2013 (€ Million 6,822.53)</b>	<b>1,173.19</b>	<b>1,511.99</b>	<b>505.91</b>	<b>144.78</b>	<b>1,221.94</b>	<b>1,423.48</b>	<b>42.26</b>	<b>208.99</b>	<b>133.34</b>	<b>456.64</b>
-----------------------------------------------------	-----------------	-----------------	---------------	---------------	-----------------	-----------------	--------------	---------------	---------------	---------------

---

<sup>57</sup> In 2013, around one third of the development cooperation interventions were assessed by ROM missions in financial terms. ROM missions do not cover funds delegated to ECHO, funds managed by EACEA or BA lines.



## ***Control Pyramid (responsibilities and lines of accountability)***

### **➤ *Sub-delegation***

Each Director in DG EuropeAid is responsible for the implementation of a number of programmes or budget lines within the framework of a sub-delegation that he/she receives from the Director-General. All stages of the authorising procedure - financial, contractual and operational - are under the direct hierarchical responsibility of the Authorising Officer by sub-delegation. The same principle is applied in EU delegations where this role is sub delegated to the (European External Action Service) Heads of Delegations. This single and clear chain of command enhances personal responsibility and accountability.

### **➤ *Assurance***

The accountability and reporting chain in DG EuropeAid is organised as a “Control Pyramid” through which the statements of assurance signed by each Head of Delegation set the basis of the assurance provided by the other (sub)-delegated authorising officer at the upper levels of the Pyramid.

All Authorising Officers by (sub)-delegation substantiate their statements of assurance in their annual reports taking into account the results achieved for 26 Key Performance Indicators (KPI) regrouped in three categories: sound financial management, efficiency of the internal control systems and efficiency of the audit system. The KPI results are automatically assessed versus the benchmarks through a “traffic lights” system. DG EuropeAid’s 2013 performances in these three areas and for the 26 KPI are presented in Annex 10 and summarised in point 2.1.4 below.

## **2.1 Management of human and financial resources by DG EuropeAid**

### ***2.1.1 Control effectiveness as regards legality and regularity***

DG EuropeAid has set up internal control processes aimed to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

Regarding the legality and regularity of the underlying transactions, the objective is to ensure that the estimated residual error rate is less than 2% annually. The residual error

rate is estimated by EuropeAid through an examination of a representative sample of transactions. EuropeAid also takes into consideration in its assessment the estimated error rates provided by the Court in its Annual Report for the previous year.

The internal control templates for each of the main implementation modalities are described in detail in Annex 5 to the present report.

With regards to resources directly managed by DG EuropeAid or partially decentralised to beneficiary states, the systems of control applied for each management modes and/or implementation modalities are summarised below.

#### ***a) Support and guidance of operations***

This section relates to all management modes. DG EuropeAid offers a significant amount of guidance via internet, paper, and Headquarters support (by email / telephone / field visits), particularly on contractual issues, aiming at ensuring a sound and efficient management of funding. Comprehensive and up to date guidance for beneficiaries and implementing organisations provides a central component of the preventive measures designed to build the Director General's assurance and mitigate the risks associated with a complex financial management environment.

The "EuropeAid e-Companion" is a substantial guidance tool on contractual and financial procedures which entered into force for the first time on 3 January 2011, consolidating previous financial guides and approximately 20 instruction notes on procedural and financial issues in order to set out the internal financial and contractual procedures to be applied by DG EuropeAid.

In 2013 a new revision took place by integrating the part of the changes of the Financial Regulation and of the Rules of Application applicable as from 2014 i.e. the new management modes. As of January 2014, the implementation modalities common to several basic acts are merged into the Common Rules and Procedures for the Implementation of the Union's instruments for External Action (CIR), providing therefore a set of common rules for DCI, EIDHR, ENI, IfS, IPA II, PI for the period 2014-2020. This update also reflects the provisions of the Common Implementing Rules (CIR). The new rules of the 11th EDF are also introduced in that version in view of the entry into force of these rules in the Implementing and Financial Regulations of the EDF early 2014. Drafting and consultations were made particularly complex by the fact that apart from the Financial Regulation and Rules of Application, the legal acts on which this revision is based (CIR, EDF Implementing and Financial Regulation...) were not all finalised at the time, and for some of them still are not.

The revision of both the Companion and the PRAG are major elements in assuring the legality and regularity of transactions, in conformity with existing obligations.

Additionally, the Financial Management Toolkit, developed in 2010, is meant to have an incidence in reducing the rate of errors by beneficiaries.

A revision of the Practical Guide to contractual procedures for external actions (PRAG) was undertaken in 2013. The main changes have their origin in three pieces of legislation, namely the Common Implementing Rules for the implementation of the Union's instruments for external actions, CIR, the 11<sup>th</sup> EDF Financial Regulation and the revised Annex IV of Cotonou Agreement. Compared to the revision undertaken in 2012, the 2013's one is certainly of a more limited scope. This is explained by the big impact of the new Financial Regulation and its Rules of Application in 2012. The main changes in PRAG 2014 are the introduction of the new management modes (direct, indirect and shared), the revision of the chapter and annex on eligibility and origin, the new preference rules for ACP companies under the EDF, the alignment of 11<sup>th</sup> EDF to the Budget in many aspects, the update of chapter on grants with International Organisations and the introduction of some charts explaining the timeline of Calls for Proposals and Tenders. In addition to this, clarifications requested by users and correction of minor mistakes from previous versions were introduced and an overall revision of the drafting style was also carried out.

A new contract for the indirect management mode has been developed in 2013. It is called IMDA, Indirect Management Delegation Agreement, and replaces former Contribution and Delegation Agreements.

### **b) Core Training**

<b>Performance Indicators – core training</b>	<b>2012</b>	<b>2013</b>
<b>Input – resources devoted to core training<sup>58</sup></b>		
Amount contracted for finance and contracts training of Commission staff	€ 0.7 million	€ 0.5 million
Amount contracted for methodological training of Commission staff	€ 1.3 million	€ 0.9 million
Amount contracted for thematic training of Commission staff <sup>59</sup>	€ 0.9 million	€ 1.7 million
Amount contracted for EDF Finance and contracts training for ACP Partner Countries (NAO Offices)	€ 0.7 million	€ 0.6 million
<b>Output - Level and nature of controls carried out</b>		
Training days per staff member <sup>60</sup>	7.0	6.3

<sup>58</sup> Only funds contracted for externally contracted training are included. Many training events are run internally. For example, all training on Budget (as opposed to EDF) procedures is provided by Commission staff and is therefore has not included here.

<sup>59</sup> Includes training on organisational and personnel development and development of online courses.

<sup>60</sup> This indicator relates to staff at DG EuropeAid Headquarters only. Given the structural changes in relation to the creation of the EEAS it has not been possible to ringfence training statistics for DG EuropeAid staff in Delegations in 2013. A specific field on local training in Delegations has been recently added to the Delegations' yearly External Assistance Management Report which will provide the required data in the future.

Overall course evaluation by participants <sup>61</sup>	82%	82%
Result – What the controls allowed us to detect / correct		
Number of courses for which pre- and post-knowledge tests were carried out: Pre-and post-tests allow measuring the knowledge gain of participants and hence the impact of training. These tests are carried out for repeated core business courses. The results of these tests are used to improve and better target the course contents and training delivery methods.	26	32

This section relates to all management modes. DG EuropeAid continued investing significantly in training in 2013 as a core component of the actions to ensure aid effectiveness and sound financial management/regularity of transactions in the operational portfolio. In 2013 DG EuropeAid organised 528 learning events, counting in total 13736 participant days. In addition to its course offer DG EuropeAid organised workshops to discuss lessons learnt and other knowledge-sharing activities including discussion forums and communities of practice.

In order to guarantee that its staff in EU Delegations around the world have the same access to relevant training, DG EuropeAid's course offer included an increasing variety of online courses (46 different courses offered in 124 sessions in 2013) ensuring an efficient and sustainable way to train its staff abroad.

Core business training contributes directly to the Director General's assurance by raising the level of awareness and practical knowledge in terms of sector expertise, quality and effectiveness, legality and regularity of operations amongst DG EuropeAid staff. Core business training is classified into three primary areas:

- Training on financial and contractual procedures;
- Methodological training, including courses on programme and project cycle management;
- Thematic training on sectorial issues and development policies.

In order to better address the accessibility of core business training for staff based in EU Delegations, the following new online courses were developed in 2013: "budget support operations", "trade and private sector development" and "communication on EC development cooperation". Additionally, courses were up-dated according to the entry into force of the new Financial Regulation.

---

<sup>61</sup> This relates to the overall assessment of the course by participants on a scale from 1 to 100.

DG EuropeAid also continued its activities in the donor competence network "Learn4dev", which is composed of Member States and multilateral donors. The network develops joint learning events and mutually opens to the network members the training offer of its participating organisations. In 2013 DG EuropeAid co-organised, together with the German development cooperation (BMZ and GIZ), the network's annual meeting in Bonn/Germany and continued to act as coordinator of the network's expert groups.

**c) Budget support eligibility assessment**

Activity indicators of the Budget Support Steering Committee	
No. of contracts on which recommendations were issued	54
No. of payments concerned	141
No. of assessments of fundamental values for good governance and development contracts	2

This section relates to budget support which is one part of the operations under the direct management mode. Operations financed through budget support fall under centralised direct management. Eligibility for budget support is categorised in all relevant Regulations in a very similar manner (Cotonou Agreement, ENPI, DCI, etc.). Four main eligibility criteria are spelled out: a stability oriented macro-economic policy; a credible programme to improve public financial management (PFM); a well-defined national development policy (supported by the EU). Since the introduction of the new policy ('The Future Approach To EU Budget Support To Third Countries' (COM(2011) 638/2)) a fourth criterion has been added, namely transparency and oversight of the budget. These principles have entered fully into force on 1 January 2013 and all newly proposed programmes have phased in the new criterion and the new risk management framework has been established for all countries and OCTs benefitting from EU budget support.

Delegations and Headquarter services have to demonstrate that the eligibility criteria are met both prior to and throughout the subsequent life of a budget support programme. The continuous assessment of the eligibility criteria enables the Commission to ensure the legality of the programmes, through commitments to payments.

The Governance of budget support has been improved through the creation of the Budget Support Steering Committee (BSSC) composed of higher Management of DG EuropeAid, the EEAS and DG ECFIN. In 2013, during twenty BSSC meetings, recommendations were issued on 54 new contracts, 141 payments and 2 assessments of fundamental values for good governance and development contracts.

Some examples of how eligibility controls positively contributed to assurance in 2013 include:

- For Guyana, it was recommended to accompany a budget support payment in support to the sugar sector by a sternly worded letter expressing the Commission's growing concern regarding the recent Caribbean Financial Action Task Force (CFATF) call for counter measures against money-laundering and financing of terrorism in Guyana. The Commission underlined that progress should be made to address anti-money laundering and combatting the financing of terrorism (AML/CFT) deficiencies. The country's eligibility for budget support was linked to progress in these matters.
- For Ghana, the BSSC recommended in December 2013 to withhold payments until all eligibility criteria were fully met, particularly macro-economic stability. The concerns were expressed in a letter to the National Authorising Officer.
- For Ukraine, the services' growing concerns about the macro-economic and public finance management situation in Ukraine were discussed at the level of the BSSC several times during 2013. Although some earlier payments had been accepted, it was decided at the end of 2013 to withhold further budget support payments in view of the increasingly difficult situation in terms of eligibility.

For budget support, the Commission's main instrument to mitigate risks is the withholding or reducing of disbursements. Thus the ex-ante transactional checks performed by Commission staff at the point of payments claims on continuing eligibility and fulfilment of disbursement performance criteria are fundamental to the budget support control structure. In such cases the Commission can withhold or reduce (variable) disbursements, often in a co-ordinated manner with other donors, until corrective measures are undertaken by the partner government.

#### **d) External Audits and Verifications**

<b>Performance Indicators – External (ex-ante) audit of operations (all management systems)</b>	<b>2012</b>	<b>2013</b>
<b>Input - resources devoted to external audit of operations</b>		
Amount contracted by the DG EuropeAid for external audits and expenditure verifications( number of contracts)	€32 million (930)	€32 million (854)
Amount contracted by the DG EuropeAid for verification missions to International Organisations (number of contracts)	€0.7 million (32)	€0.6 million (23)
% audits and expenditure verifications contracted by the DG Europeaid by year end as a share of all audits and expenditure verifications planned by DG EuropeAid over last 3 years (cumulative)	81%	82%
<b>Output - Level and nature of controls carried out</b>		

Number of final audits and expenditure verifications (contracted by DG EuropeAid) included in Annual Audit Plans 2011, 2012 and 2013, approved as of 31/12/2013		1 692
Number of audits contracted by the Commission including a financial audit (/ all audits and verifications)	624 (67%)	554 (66%)
Number of final verification mission reports approved	43	36
<b>Result - What the controls allowed us to discover/remedy<sup>62</sup></b>		
Number of unqualified opinions on financial audits contracted by the Commission (/ all financial audits)	258 (53%)	220(44%)
Total amount of financial findings resulting from audits and expenditure verifications contracted by the Commission	€77 million (5.1%)	€73 million (5.0%)

*DG EuropeAid external audit requirements by management system/instrument<sup>63</sup>*

<b>Management mode</b>					
	<b>Centralised indirect with national development bodies</b>	<b>Centralised direct by the Commission</b>	<b>Partially decentralised with beneficiary states</b>	<b>Shared with EU Member States</b>	<b>Joint with international organisations</b>
<b>Grants</b>		All grants ≥ € 100,000 = mandatory expenditure verification by beneficiary before final payment			
<b>Procurement</b>		Mandatory expenditure verifications for fee based service contracts by beneficiary			
<b>Programme estimates</b>			Mandatory Expenditure verifications ≥ € 200,000 by the Commission		
<b>Contribution Agreement</b>					- International organisations' own audit framework applies - Commission

<sup>62</sup> These findings are not based on a representative sampling methodology but on a risk based architecture in which mandatory audits / verifications are required for the most risk prone contract types, and additional audits are planned on an annual risk assessment. Figures have been taken from CRIS Audit and relate to all financial audits contracted by DG EuropeAid.

<sup>63</sup> This simplified table sets out the main categories of audit approaches in external aid and is not comprehensive. For grants, programme estimates, Delegation Agreements and procurement contracts further audits can and are made at the discretion of the Commission.

					may conduct verification missions
<b>Delegation Agreement</b>	Development body's own audit framework applies				
<b>Joint Operational Programme</b>				- annual external audit - annual internal audit - Commission may conduct verification missions	

The audit and verification coverage of DG EuropeAid's activities results from a mix of mandatory and risk based audits and verifications using external auditors engaged either by the Commission or by third parties (e.g. beneficiaries). Audits and verifications focus on external aid contracts of all types (e.g. grants, works, supplies, services, programme estimates and contracts with international organisations) concluded with a wide range of actors (e.g. grant beneficiaries such as NGOs, contractors, service providers and international organisations). The engagements are performed by professional external contracted by DE EuropeAid and the Delegations either through DG EuropeAid's Audit Framework Contract or through specific tender procedures (i.e. PRAG service contracts).

The engagements used by DG EuropeAid and the Delegations are primarily financial audits (often combined with systems audits) which provide assurance on the legality and regularity of external aid operations. These are complemented by expenditure verifications of programme estimates and verifications of international organisations.

In verifications, auditors make use of the same methods as in audits but verifications give factual findings rather than providing audit assurance. Consequently, users of the verification reports draw their own conclusions from these reports.

The large majority of the verifications contracted and managed by DG EuropeAid and the Delegations are expenditure verifications of the eligibility of payments under programme estimates (partially decentralised management). DG EuropeAid and Delegations also make use of verifications (which are more limited in scope) for international organisations operating in joint management.

It is important to make a distinction between mandatory and risk-based engagements. Mandatory audits and verifications are provided for in the Financial Regulations, in a specific programme legal basis (complemented by EuropeAid financial and contractual



rules and guidance) and are reflected in legal agreements (e.g. Financing Agreements with third countries) and other contractual documents. The Financial Regulations set out the modalities for such audits, including those cases where payment claims have to be accompanied by an expenditure verification report issued by an external auditor.

Risk-based audits are a response to the specific risks perceived by the responsible Authorising Officer. The objective is to have an additional layer of controls available which the responsible Authorising Officer can use if he/she perceives specific risks e.g. where mandatory audits are not required or where the results of mandatory audits are too limited in scope or are not considered satisfactory. They are often carried out ex-post, i.e. after payments. Risk-based audits or verifications can in principle be used for any type of contract concluded with any type of beneficiary or organisation.

Another distinction should be made between mandatory audits and expenditure verifications contracted and managed by Commission services and those contracted and managed by certain beneficiaries of certain external aid contracts. Mandatory audits and verifications contracted by Commission services are included in EuropeAid's Audit Plan.

Mandatory verifications contracted by beneficiaries are an important part of the overall internal control framework for DG EuropeAid and the Delegations but they are not included in DG EuropeAid's Audit Plans as they are not contracted and managed by Commission staff. Nevertheless, these expenditure verifications are taken into account for the planning of risk-based audits in DG EuropeAid's Audit Plans.

Expenditure verifications contracted by the Commission are mandatory for programme estimates<sup>64</sup> over €200,000. Mandatory (annual financial) audits are sometimes required.

Expenditure verifications contracted by beneficiaries are mandatory for grants above €100,000<sup>65</sup> and fee-based (as opposed to lump sum) service contracts. They constitute ex-ante audit procedures which are required before the Commission can clear pre-financing and make final payments.

### **Audit planning**

DG EuropeAid's Audit Plans are a key component of the overall internal control framework for DG EuropeAid and the Delegations. Financial audits have the highest priority (focus on eligibility of expenditure) and are the most frequently used audit type often in conjunction with systems audits. Mandatory expenditure verifications of

---

<sup>64</sup> A formal agreement between the National Authorising Officer and the Commission in a (partially) decentralised management mode to undertake/contract/execute payments for activities.

<sup>65</sup> The scope of these checks goes well beyond the provisions of the Financial Regulation which sets the threshold for mandatory audits concerning grant contracts at €750 000.

programme estimates also cover an important part of this strategic priority. The Audit Plans result from an annual planning process but implementation is multi-annual. On average it takes three years to fully implement an Audit Plan.

An Audit Plan database or portfolio of contracts is established centrally each year on 1 September. This portfolio comprises all contracts managed by DG EuropeAid and Delegations (open and closed) for all open decisions (after application of certain filters). This portfolio is analysed by DG EuropeAid headquarters and Delegations for the parts by which they are concerned and this results in a list of contracts to be audited or verified.

The audit coverage ratio<sup>66</sup> planned for 2013 was 9% (8% for 2012). However, the Commission's planned contracting of audits is only one part of DG EuropeAid's auditing environment and important parts of the contract portfolios are covered by other types of controls and control measures.

A significant part of the contracts portfolio (i.e. 18% in the 2013 Audit Plan) is already covered by mandatory expenditure verifications - launched by beneficiaries - which were either already performed or will be performed at a later stage. A further 2% is covered by mandatory expenditure verifications of programme estimates to be launched by DG EuropeAid and Delegations in 2013 or later.

Moreover, a substantial part of the contract portfolio (i.e. 33%) is already covered by audits scheduled from previous audit plans. As a result, more than half (53%) of the DG EuropeAid's portfolio of contracts (in terms of cumulative value paid) was covered for checking by auditors. Another substantial part of the portfolio (i.e. 24%) related to contracts concluded with International Organisations which are subject to ex-ante institutional compliance ('pillar') assessments (see Section 2.2) and which may be made to subject to verification missions.

### **Audit implementation**

DG EuropeAid continuously monitors the implementation of its Audit Plans. Altogether 2,502 audits and verifications were contracted (and 1,692 final reports approved) by DG EuropeAid and Delegations by the end of 2013 for the Audit Plans relating to 2011, 2012 and 2013. This represents 82% of the total number of audits and verifications planned (i.e. 3,056) at 31 December 2013 over this three year perspective.

The number of annual verification missions over the last few years has fluctuated, but the number of contracts verified has remained constant at approximately 60 per year.

---

<sup>66</sup> The audit coverage ratio is the total cumulative amount paid for all contracts selected for audit and verification divided by total amount paid for all contracts in the portfolio of contracts.

During 2013, 36 verification missions were finalised through the Audit Framework Contract (26 for the UN and 10 to other international organisations).

### **Audit results**

The auditor's opinion is the essential part of a financial audit. In 44% of all the (503) final financial audit reports received in 2013 the auditor expressed an unqualified opinion<sup>67</sup>. In other cases the auditors qualified the audit opinion for material audit findings made and gave the Authorising Officer guidance with regard to the issues to be addressed. More rigorous mandatory terms of reference for audits were issued in October 2007, with clear materiality thresholds, which are now resulting in more consistently categorised auditors' opinions<sup>68</sup>. The most important financial findings concern ineligible costs as a result of a lack of (adequate) supporting documents, and the use of incorrect procurement procedures. A distinction is made between financial audit findings which were considered to be clear-cut (which amounted to €73 million (i.e. 5% of the total expenditure subject to audit)) and will be either deducted from final payments or recovered, and those which the auditors believed warranted further consideration by the Commission.

Audit firms which have signed a Framework Contract with DG EuropeAid provide annual summary reports on the audits they have performed during the year which give consolidated results and recommendations in relation to audit findings. The main findings of the 703 audits and verifications which auditors completed under the Framework Contract in 2013 relate to financial, management control and other compliance issues resulting from shortcomings and weaknesses in the financial management and internal control systems of beneficiaries of EC funds. The audit firms have made recommendations in line with the findings they detailed. The audit firms have also provided useful general recommendations, focusing on preventive measures to avoid the financial findings, and/or reduce them. A number of measures have already been put into place, notably the Financial Management Toolkit for beneficiaries<sup>69</sup>.

External audits provided assurance on the legality and regularity of external aid operations. This is primarily related to compliance with applicable regulations and rules. They also contributed to assurance on sound financial management (principles of economy, efficiency and effectiveness) and apply to all management systems.

The verification reports by framework contract audit companies have enabled DG EuropeAid to get an informed overview of the issues to be tackled to improve the

---

<sup>67</sup> For financial audits this means the financial report of the project for the period subject to audit presented, accurately, the expenditure actually incurred and the funds of the project were, in all material respects, used in accordance with the applicable terms and conditions.

<sup>68</sup> Updated terms of reference for financial and systems audits were published in March 2011 following a major revision.

<sup>69</sup> The Financial Management Toolkit was made publicly available on the internet in January 2011.

overall internal control framework of funds under joint management with IOs. The main types of findings of the verification missions completed in 2013 include:

- financial findings e.g. ineligible expenditure, insufficient or missing documentation and procurement procedures not followed;
- management control findings e.g. weaknesses in the accounting and financial reporting systems and procedures, in the overall control environment and in asset management and related procurement procedures; and
- compliance issues e.g. reporting formats and publicity requirements not respected.

### ***e) Ex-ante transactional checks performed by the Commission***

This section relates to all management modes.

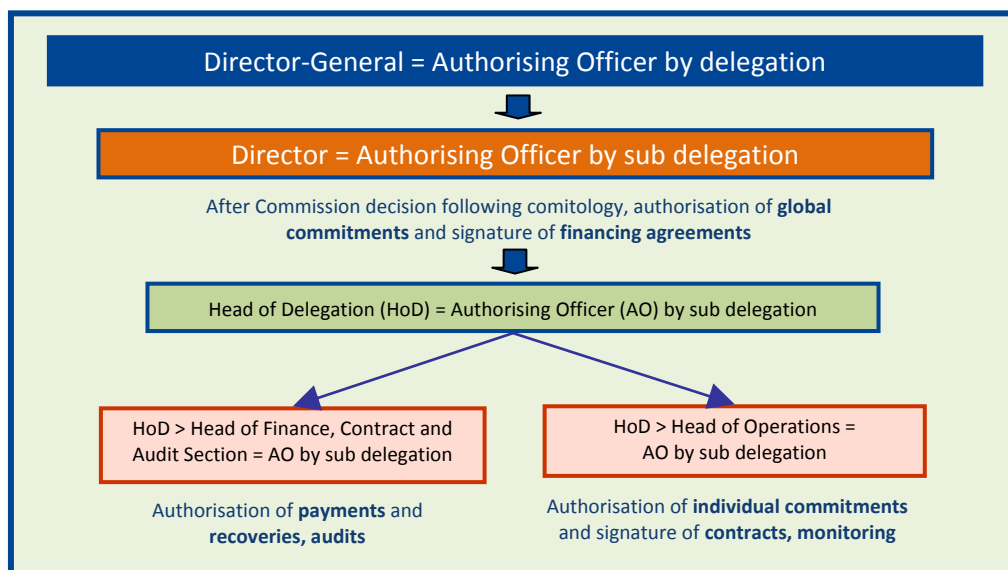
Comprehensive and rigorous ex-ante transactional controls performed by Commission staff in Delegation and at Headquarters form the core of financial controls on contracts and payments under centralised direct and partially decentralised management. Before any operation is authorised, the operational and financial aspects are initiated and verified by two different (operational/financial) entities. This is the "four eyes" principle of the Financial Regulation, which DG EuropeAid, taking account of the specific high risk environment of external aid actions, reinforces by requiring controls by two separate agents for each of these two stages. Staff verify, inter alia, the eligibility of costs, key documents such as valid financial guarantees and certificates of acceptance issued by the project managers or supervisors. These controls apply equally to grants, procurement, programme estimates and budget support, and financial circuits and checklists are regularly reviewed and updated to respond to feedback from controls and subsequent risk analysis. Taking payments made in the course of 2013, €117.6<sup>70</sup> million in ineligible claims were detected and corrected by Commission staff, which represented just below 2% of all payments checked.

For budget support, ex-ante transactional checks performed by Commission staff at the point of payments claims on continuing eligibility and fulfilment of disbursement performance criteria are fundamental to the budget support control structure. In such cases the Commission can withhold or reduce (variable) disbursements, often in a co-ordinated manner with other donors, until corrective measures are undertaken by the partner Government.

#### ***DG EuropeAid financial circuits***

---

<sup>70</sup> Key Performance Indicator 20: this indicator measures the amount that was rejected by ex-ante verification during the reporting period, expressed as a percentage of the amount claimed by suppliers and beneficiaries during the period.



### f) 2013 Residual Error Rate Study

Performance indicators – Residual Error Rate Study (all management systems)	2013
<b>Input - resources devoted to ex-post transactional controls</b>	
Cost of the RER study	€797,715
<b>Output - Level and nature of controls carried out</b>	
Sample size of analysed transactions/total number of transactions	221
Value of sampled transactions/total value of transactions	€213,8 million
<b>Result - What the controls allowed to discover/remedy</b>	
Number of transactions on which errors were found	43
• of which errors due to absence of or insufficient recovery	13
• of which beneficiary errors	27
Value of transactions for which an error was found	€203 million
Number of transactions for which an error was estimated	15
Value of transactions for which an error was estimated	€93 million
Residual Error Rate	3.35%

This section relates to all management modes.

A second Residual Error Rate (RER) study was carried-out in 2013. Following reviews of devco\_aar\_2013

the 2012 RER study by the Commission's Internal Audit Service and the European Court of Auditors (ECA), the methodology was refined, but stayed the same in substance. The refinements mainly concern improved guidance in the manual on how to deal with previous control work, how to calculate individual error rates and when and how to estimate errors in cases of lacking documentation. The sampling process has also been improved and reporting templates introduced. These changes further increased the coherence of the approach, added transparency and made the results even more reliable. The methodology is based on the examination of closed contracts, after the implementation of all ex-ante and ex-post controls including recovery. As a consequence, it results in an accurate assessment of the volume of errors not detected by the overall control system and, therefore, does not require the deduction of any subsequent recovery. Furthermore, since the scope of the examination covers all payments that can have been authorised over a period of several years under a specific contract, it covers a multiannual span.

For cost-effectiveness reasons linked to statistical representativeness of the sample used, the methodology is applied to DG EuropeAid funding as a whole, and no separate representative estimate per ABB activity is produced. It was necessary to strike a balance between the need for statistical confidence (with a correspondingly large sample) and the cost involved in the exercise.

The RER study for 2013 applied the methodology on the basis of a sample (drawn by monetary unit sampling) of up to 240<sup>71</sup> transactions (three times 80 transactions). These transactions relate to contracts closed in the CRIS data base in the period September 2012 to August 2013. The multiannual nature of DG EuropeAid's programmes is taken into account in this methodology, as the contracts closed during the said period were started in different previous years.

Except for some fieldwork visits the work on this study was carried out as a desk review. For each sampled transaction the auditors verified if there was previous control work on which their conclusion could be based and if not they examined additional detailed supporting documentation relating to the transactions. For each provisional residual error identified the unit or Delegation in charge of the contract was contacted in order to possibly clarify whether the error should be confirmed.

The result of the overall error evaluation was then calculated and expressed as an actual level of error with a 95% confidence level. This most likely estimate of the representative residual error rate was 3.35%.

The main areas in which the errors occurred were

---

<sup>71</sup> By using the monetary unit sampling methodology the number of actually sampled transactions can be lower than 240 if transactions are larger than the sampling interval.

- Errors linked to International Organisations;
- Non-recovery;
- Missing supporting documentation;
- Procurement procedures.

The nature of the errors found suggest that the action plan set up as a consequence of the reservation issued in the 2012 Annual Activity Report will also address the issues identified in the 2013 RER study. DG EuropeAid started in September 2013 to implement this action plan with the aim to raise awareness about the most common root causes of errors and a hope to reduce the overall error rate in the future.

### ***g) Analysis of past errors***

This section relates to all management modes.

In March 2013 concluded the work of the two groups set up by DG EuropeAid in 2012 for the analysis of errors identified by the Court in its Annual Reports for 2010 and 2011. The two groups concerned payments, and procurement and grants. It was found that most of the errors were caused by a relatively small number of issues. The groups produced a number of recommendations that were integrated into the Action Plan following the reservation issued in the 2012 Annual Activity Report.

DG EuropeAid launched another working group on Budget Support in September 2013. The main objectives of this group are identifying the main causes of errors in BS operations and the way to react to them. As in the previous cases, most of the errors are linked to a relatively small number of issues (exchange rate issues, reliability of accounts, evaluation of disbursement conditions, assessment of progress on Public Finance Management, etc.).

The BS working group has drafted a document with the main findings after analysing the BS related errors in the last three years and proposing some correcting actions that, once implemented, should lead to a reduction in the error rate in BS operations in the coming years.

### ***h) Recovery Orders***

This section relates to all management modes.

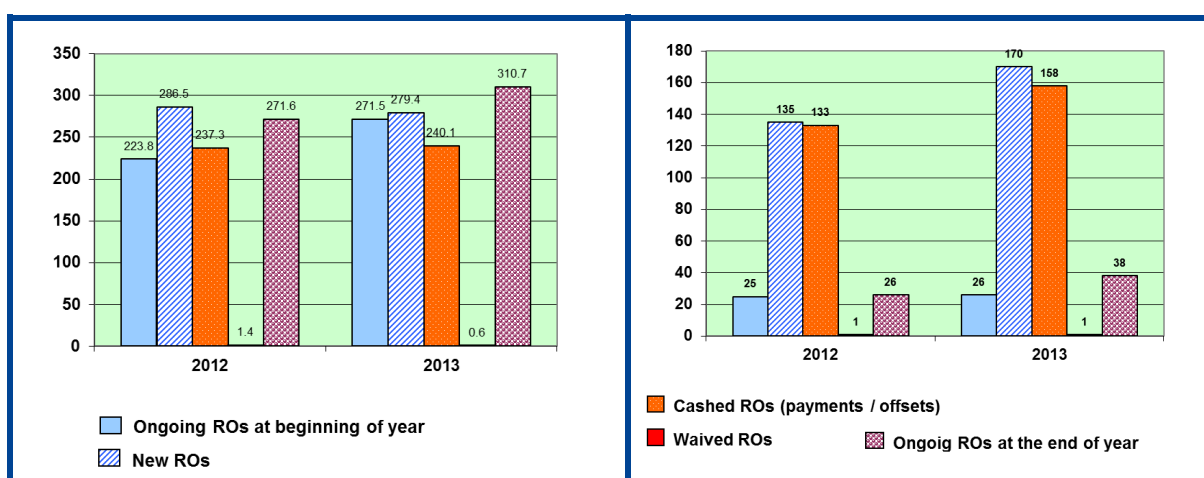
In 2013 DG EuropeAid issued recovery orders for a total of €279.4 million under the

General Budget, of which 5.9 % (€16.5 million) were for undue payments<sup>72</sup>, as result of: errors (€2.9 million), irregularities (€12.1 million) and fraud (€1.3 million). The large majority of recovery orders relate to the reimbursement to the Commission of unspent prefinancing at the point of clearance and the use of bank guarantees.

With €271.5 million representing the carried over recovery orders (issued before 2013 and not cashed by January 2013), the total recoverable amount during 2013 was €550.9 million. Out of this amount, a total of €240.1 million was recovered, either by payments or offsets, €0.6 million was waived and €310.7 million were still in the process of recovery at the close of the year.

Under the EDF, DG EuropeAid issued recovery orders for a total of €170 million, of which 13.5% (€23 million) were for undue payments, as result of: errors (€6 million), irregularities (€16 million) and fraud (€1 million). With €26 million representing the carried over recovery orders (issued before 2013 and not cashed by January 2013), the total recoverable amount during 2013 was €196 million. Out of this amount, a total of €158 million was recovered, either by payments or offsets, €1 million was waived and €38 million were still in the process of recovery at the close of the year.

**DG EuropeAid RECOVERY ORDERS 2012-2013**  
Cashed and Waived Amounts per year - total Open Amount at Year End



<sup>72</sup> The large majority of recovery orders relate to the reimbursement to the Commission of unspent prefinancing at the point of clearance and the use of bank guarantees.



### 2.1.2 Control efficiency and cost-effectiveness

The principle of efficiency concerns the best relationship between resources employed and results achieved. The principle of economy requires that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price. This section outlines the indicators used to monitor the efficiency of the control systems, including an overall assessment of the costs and benefits of controls.

DG EuropeAid quantifies the costs of the resources and inputs required for carrying out the controls described in annex 5 and estimates, so far as possible, their benefits in terms of the amount of errors and irregularities prevented, detected and corrected by these controls.

#### ➤ Cost calculation

Each post in DG EuropeAid is associated with a percentage showing the proportion of control activities included in the related human resources screening category (see below table). Applying the average cost by staff category and the percentages of controls for each screening category, the total cost of the controls implemented by DG EuropeAid's staff was calculated for the Delegations as a whole and for each unit in HQ.

Screening Categories	%
Activity based management	0%
Communication & information	0%
Document management	20%
Evaluation	0%
Finance / control / accounting	100%
Human resource mgmt	0%
Internal audit	0%
Inter-institutional relations	20%
Information technology	70%
Law monitoring and enforcement	20%
Language services	0%
Logistics	0%
Program mgt & implementation	50%
Policy coordination	0%
Policy and law making	0%
Publication	0%
Resource director staff	20%
Top operational coordination	20%

Based on their role in the implementation of the project cycle, the control costs of the Delegations and of each HQ unit was split between the main stages of Internal Control. The number of Full Time Equivalent (FTE) for each stage was approximated dividing the related staff cost by the average cost of a post.

The cost of external inputs for control activities (audits, evaluations, institutional assessments, independent operational monitoring, Residual Error Rate study, etc.) was estimated on the basis of the information available in the accounting system and split between the Internal Control stages on the basis of the nature of their input.

In total, the control cost for DG EuropeAid is estimated at €393 million (€312 million for staff cost and €81 million for external input).

### ➤ *Benefit calculation*

Quantifiable benefits of each control stage were estimated in accordance with Annex 5 (Internal Control Templates for budget implementation):

Stage 1 - Programming, evaluation and selection:

- Total amount of financial decisions committed in 2013
- Total amount of proposals rejected for eligibility reasons in the calls for proposals launched in 2013 for grants in direct management.

Stage 2 - Contracting: Total amount contracted in 2013 for grants and procurement in direct management and for Indirect Management.

Stage 3 - Monitoring the execution: Total amount of ineligible expenditure identified by ex-ante control in 2013.

Stage 4 - Ex-post controls:

- Detected: Total amount of ineligible expenditure identified in final audit reports approved in 2013 (audits contracted by the Commission) and budgetary amount of errors detected by the 2013 RER study.
- Corrected: Total amount of ineligible expenditure identified in audit reports approved in 2012 and 2011 and recovered by the Commission).

Costs of controls (in € million)	FTE	Total costs of FTE	External inputs	Total costs
Stage 1 - Programming, evaluation and selection	1,004	125	0	125
Stage 2 - Contracting	501	62	0	62

Stage 3 - Monitoring the execution	627	78	25	103
<b>Total ex-ante controls</b>	<b>2,132</b>	<b>265</b>	<b>25</b>	<b>290</b>
Stage 4 - Ex-Post controls	380	47	56	103
<b>Total ex-post controls</b>	<b>380</b>	<b>47</b>	<b>56</b>	<b>103</b>
<b>Total Costs EuropeAid</b>	<b>2,511</b>	<b>312</b>	<b>81</b>	<b>393</b>
<b>Benefits of controls (in € million)</b>	<b>Prevented</b>	<b>Detected</b>	<b>Corrected</b>	<b>Total</b>
Stage 1 - Programming, evaluation and selection	10,947	0	0	10,947
Stage 2 - Contracting	6,077	0	0	6,077
Stage 3 - Monitoring the execution	118	0	0	118
<b>Total ex-ante</b>	<b>17,142</b>	<b>0</b>	<b>0</b>	<b>17,142</b>
Stage 4 - Ex-Post controls	0	124	42	0
<b>Total ex-post</b>	<b>0</b>	<b>124</b>	<b>42</b>	<b>166</b>
<b>Total Benefits EuropeAid *</b>	<b>17,142</b>	<b>124</b>	<b>42</b>	<b>17,307</b>
<b>Benefits/Costs ratio</b>	<b>Prevented</b>	<b>Detected</b>	<b>Corrected</b>	<b>Total</b>
Stage 1 - Programming, evaluation and selection	87.7			87.7
Stage 2 - Contracting	97.5			97.5
Stage 3 - Monitoring the execution (fin. circuits)	1.1			1.1
<b>Total ex-ante</b>	<b>59.1</b>			<b>59.1</b>
Stage 4 - Ex-Post controls and recoveries		1.20	0.41	1.6
<b>Total ex-post</b>		<b>1.20</b>	<b>0.41</b>	<b>1.6</b>

(\*) excluding non-quantifiable benefits

Overall, during the reporting year the controls carried out by DG EuropeAid for the management of the budget appropriations were cost effective, as the estimated quantifiable benefits exceeded the cost in a proportion of 1 to 87.7 for stage 1, 1 to 97.5 for stage 2, 1 to 1.1 for stage 3 and 1 to 1.6 for stage 4 (see above table).

In addition, there are a number of non-quantifiable benefits resulting from the deterrent effect of the ex-ante and ex-post controls. These non-quantifiable benefits are not taken into account in the calculation of the benefit / cost ratio of the controls related to stage 3 (monitoring the execution: financial circuits) and stage 4 (Ex-Post controls and recoveries). This is why these ratios are much lower than the ratio for stages 1 and 2. Furthermore, DG EuropeAid considers that the necessity of these

devco\_aar\_2013

controls is undeniable, as the totality of the appropriations would be at risk in case they were not be in place.

**In conclusion, the total costs of controls (estimated at €393 million) are reasonable compared to the annual budget managed by EuropeAid (4.8% of the total contracted amount of €8,344 million and 5.8% of the total amount paid € 6,823 million) and to the estimated benefits.**

Based on a number of assumptions<sup>73</sup>, EuropeAid carried out an analysis of cost effectiveness by ICT. However, due to limitation of our reporting system, it was not possible to split the control benefits for stages 3 (Monitoring) and 4 (Ex-post controls) between the ICTs.

Below table provides therefore the benefit / cost ratios for stages 1 and 2 only. Based on these ratios and taken into consideration the reasonable cost of the controls compared with the annual budget implemented for the different ICTs, DG EuropeAid considers these controls by ICT to be cost effective.

When possible, necessary measures will be taken by EuropeAid for adapting its reporting tools and be able to assess the control efficiency and cost-effectiveness for each stage of each ICT in the future.

Benefits/Costs ratio	Prevented	Detected	Corrected	Total
<b>ICT 1 - Grants in direct management</b>				
Stage 1 - Programming, evaluation and selection.	22.5	NA	NA	22.5
Stage 2 - Contracting	123.7	NA	NA	123.7
<b>ICT 2 - Budget Support</b>				
Stage 1 – Programming	93.21	NA	NA	93.21
Stage 2 - Identification and formulation	Included in stage 1			
<b>ICT 3 - Procurement in direct management</b>				
Stage 1 – Procurement	Necessary data not available			
Stage 2 - Financial transactions (contracting and payments).	46.7	Necessary data not available		46.7
<b>ICT 4 - Indirect Management</b>				
Stage 1 - Establishment (or prolongation) of the mandate to the entrusted entities ("delegation acts", "contribution acts", etc.).	61.8	NA	NA	61.8
Stage 2 - Ex-ante (re)assessment of the entrusted entities's financial and control frameworks.	Included in stage 1			

<sup>73</sup> Control costs by ICT have been estimated on the basis of the % of the amount contracted in 2013 for each of the 4 ICT.

### **2.1.3 Fraud prevention and detection**

This section relates to all management modes.

DG EuropeAid has developed its anti-fraud strategy as foreseen in the Commission's overall anti-fraud strategy<sup>74</sup>.

The resulting measures will be implemented in the course of 2014 and 2015. The three priority objectives for this period are: to increase fraud-related awareness at all levels of preparation and implementation, to improve the skills of financial and operational actors in preventing and detecting fraud and to ensure the information flow in terms of prevention, detection and response to fraud.

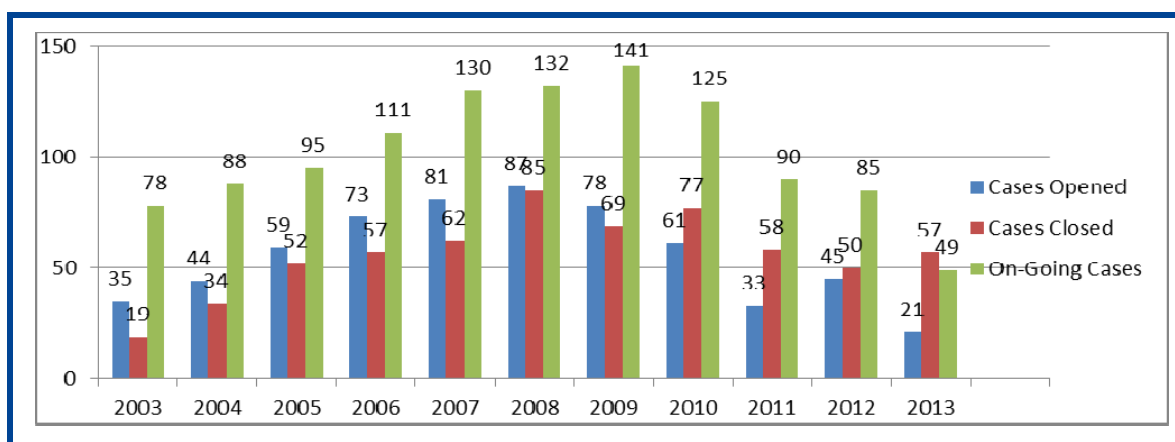
#### **➤ Fraud prevention and detection - Monitoring of OLAF investigations**

OLAF opened 21 new investigations in 2013, i.e. 24 cases less than in 2012. At the end of 2013, a total of 49 of cases were still on-going.

---

<sup>74</sup> COM(2011) 376 24.06.2011.

**DG EuropeAid OLAF cases 2003-2013**  
(Open and closed cases per year, on-going cases at end-year)



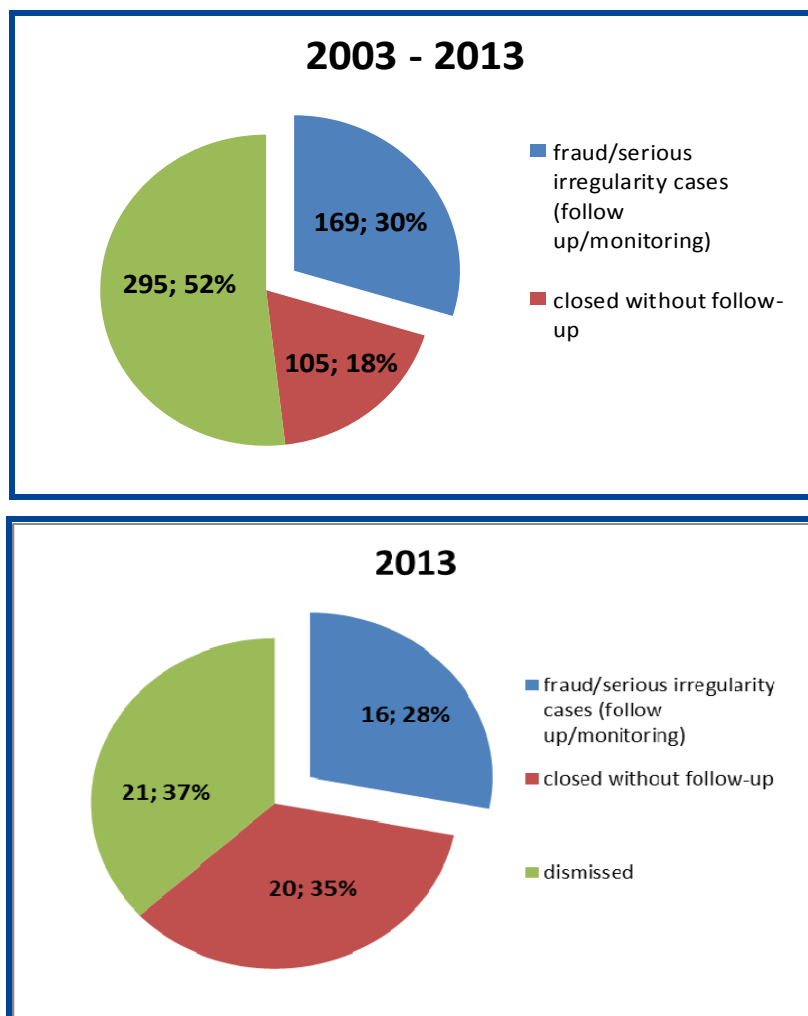
In 2013, DG EuropeAid recorded 57 case closures (50 in 2012). Of these, 21 were closed as "dismissed", 20 were closed without follow-up<sup>75</sup> and 16 with follow-up<sup>76</sup>. This means that no fraud or serious irregularity was found in 72 % (41) of the cases closed in 2013. 15 closed cases were financially settled in 2013 resulting in €1,188 536.4 recovered (or offset).

During the period 2003-2013, OLAF has closed, out of a total of 569 cases, 169 cases with follow-up. This figure represents those cases for which it can be concluded that fraud or serious irregularity has taken place. This represents 30 % of all closed cases during this period.

<sup>75</sup> A case is closed as a "Case without Follow Up" when, for example the investigation carried out has concluded in the absence of findings, which would have undermined the EU financial interests or findings have been disclosed but corrective actions were no longer possible given for example the time span elapsed between the occurrence of the irregularity and the time it was brought to the attention of OLAF.

<sup>76</sup> A follow up can be either administrative and/or financial and/or judicial.

*Proportion of closed OLAF (DG EuropeAid) cases on which fraud / serious irregularities was found*



#### **2.1.4 Other control objectives: use of resources for their intended purpose, reliability of reporting, safeguarding of assets and information**

##### ➤ **Management and assurance reports**

The accountability and reporting chain in EuropeAid is organised as a “Control Pyramid” through which the statements of assurance signed by each Head of Delegation set the basis of the assurance provided by the other (sub)-delegated authorising officer at the upper levels of the Pyramid.

All Authorising Officers by (sub)-delegation substantiate their statements of assurance in their annual reports taking into account the results achieved for 26 Key Performance Indicators (KPI) regrouped in three categories: sound financial management, efficiency of the internal control systems and efficiency of the audit system.

The list of EuropeAid's Key Performance Indicators (KPI) and associated targets or benchmarks is presented in Annex 10 together with an analysis of EuropeAid's performance in 2013. These KPI apply for all financial instruments regardless of the budget management mode or implementation modalities.

The global analysis of DG EuropeAid's Key Performance Indicators (KPI) results in 2013 indicates a good overall performance with more than half of the total number of KPIs (14 KPIs out of the total of 26) having reached the benchmarks set for the year. As regards some of the 12 KPIs that did not meet the target in 2013, their results are not necessarily markers of underperformance as they have to be put in a more general perspective as detailed below:

- KPIs 2 and 3 (the measure of accuracy of the financial forecasts for contracts and payments) are marginally overpassing the benchmark (115% and 114% versus 90%-110% target), however, reflecting a good level of activity implementation.
- For KPI 20, the 1.96% of ineligible amounts identified by EC's ex-ante controls is most probably an 'underestimated' figure because of certain practices that bias the result such as: requesting amended invoices from suppliers instead of encoding the initial invoices and the subsequent credit notes or encoding Budget Support payments as net amounts. In spite of these practices, the result for this KPI is very close to the 2% benchmark.

The KPIs performance at EU Delegation level is overall good with 23 Delegations having more than 75% of KPIs meeting the benchmark and 88 Delegations having between 50%-75% of their KPIs on target. Only 8 Delegations (Angola, Bosnia, Central African Republic, Libya, Montenegro, Panama, Solomon Islands, and Yemen) out of 119 Delegations have more than 50% of the KPIs with values outside the benchmark. This result comes to confirm that benchmarks were realistically set and sends a strong signal that these targets could be met in the near future (by 2014 or 2015).

When assessing the performance of the DG by KPI category<sup>77</sup>, it appears that 8 KPI out of 12 are above the benchmarks for the category "Sound financial management and effective use of EC resources" and that 6 KPI out of 9 are green for the category "Efficiency of the internal control systems". In the third category "Efficiency of Audit

---

<sup>77</sup> The KPIs are grouped into three categories: Sound financial management and effective use of EC resources, Efficiency of internal control systems and Efficiency of audit system.



System”<sup>78</sup>, none of the five KPIs meets the target set for the year. The results in the latter category confirm the findings of prior studies and internal assessments that identified this category as an area of improvement at encoding, implementation, monitoring and follow-up levels.

Overall and despite the necessary improvement to be achieved in the execution, monitoring and follow-up of the annual audit plans, the KPI results are globally satisfactory and support the assurance provided by the Director General. A specific action plan will be elaborated by DG EuropeAid in 2014 in order to address the weaknesses identified in the audit system.

### *Use of resources for their intended purpose*

The use of resources for their intended purpose is ensured through various control activities carried out along the four main stages of implementation of the External Aid budget implemented by EuropeAid (see annex 5). These controls are cost effective as explained in Point 2.1.2.

Moreover, a specific indicator (KPI 27) is used by EuropeAid in order to ensure the respect of the EuropeAid /EEAS agreement on the use of staff in Delegations. Based on the EAMR, 93% of the Heads of Delegations have confirmed the full respect of the agreement in 2013. Appropriate measures will have to be taken in the 8 Delegations where the agreement was not fully respected.

### *Reliability of reporting*

In 2013, important efforts have been paid by DG EuropeAid for improving the reliability of its KPI system through a reinforced automation of the KPI value calculation. Out of the existing 26 KPI, 11 are completely automated, 4 are partially automated and 11 are manually encoded by the Delegations. The ongoing revision of the financial forecasting and of the audit monitoring systems should allow for further automation in the future. The assessment of KPI results versus benchmarks is already fully automatic through a traffic light system.

### *Safeguarding of assets*

The most important asset to be closely monitored by DG EuropeAid is the balance of pre-financing which amounted to a total of €10.17 billion on 31/12/2013. In particular, a

---

<sup>78</sup> Efficiency of audit system comprises the KPIs linked to the implementation of the audit plans, the percentage of ineligible expenditure and the justification/recovery of ineligible expenditure identified by external audits.

specific objective was set by EuropeAid in 2013 for a reduction of the amount of old pre-financing by 5% (see KPI 08 in annex 10). The result achieved by the end of the year exceeded the objective as the amount of old pre-financing was reduced by 38.45%, from €3.7 billion on 01/01/2013 to €2.3 billion on 31/12/2013.

### *Verification missions to Delegations*

This section relates to all management modes.

During 2013, verification missions were carried out in EU Delegations in South Sudan, Georgia, Morocco, Argentina, Uruguay, Paraguay, Brazil, Cambodia and Fiji. The missions were conducted on the basis of the established guidelines for verification missions, providing for the assessment of performance regarding aid effectiveness and Commission positioning; quality of aid delivery, results and outputs; and adequacy of the internal organisation, systems and processes.

The mission reported a general positive assessment in all three areas for visited Delegations. However, the following shortcomings were noted in some of the visited Delegations:

- Dialogue with Civil Society Organisations needs to be enhanced;
- Delegations should keep an up-to-date and ordered paper and electronic file with all sub-delegation documents;
- Delegation should improve encoding, data quality and upload of documents in CRIS (timely and correctly encode invoices, contracts, recovery orders and the CRIS Audit module);
- Delegations should organise and clean archives;
- Delegations should improve recovery orders management;
- Job profiles need to be clarified and objectives set;
- Communication from EEAS and EuropeAid and from different services within EuropeAid to the EUD should be better coordinated;
- Coordination of EU formulation and monitoring missions with other development partners active in the same countries/sectors should be increased;
- The Regional Authorising Officers should improve the coordination and communication with the National Authorising Officers and relevant sector ministries on the preparation and implementation of regional programmes;
- Imbalances between the portfolio (on-going and future) sectoral focus and staff expertise should be addressed.

These issues are being addressed by recommendations drawn up by the respective missions.

### **Results oriented monitoring (ROM)**

This section relates to all management modes.

DG EuropeAid contracts independent assessments of external aid activities with external providers using internationally accepted criteria. This system, Results Oriented Monitoring (ROM) has been applied to a selection of projects and programmes. On a yearly basis approximately €14.5 million was allocated to this system of external monitoring in 2013, which covered over €6.35 billion in on-going projects representing approximately one third of the development cooperation interventions in financial terms. 1068 ongoing projects, 363 regional programmes (linked to 262 national components) have been reviewed; also 24 Budget Support operations have been assessed in 2013, part of which as a pilot under a newly defined methodology. In addition, 169 closed projects and 15 closed Regional Programmes (linked to 19 national components) have been assessed ex-post, i.e. after their closure to focus specifically on impact and sustainability through this type of reviews.

<b>Performance Indicators-Independent operational monitoring of activities (all management modes)</b>	<b>2012</b>	<b>2013</b>
<b>Input - resources devoted to 'Results Oriented Monitoring'</b>		
Amount contracted for Results Oriented Monitoring	€17 million	€14.5 million
<b>Output – Level and nature of controls carried out</b>		
Volume of operational funds covered by Results Oriented Monitoring (in % of portfolio)	€6 333 million (31%)	€6 353 million (33%)
<b>Result – What the controls allowed to us discover/remedy</b>		
% of projects monitored judged good to very good <sup>79</sup>	75%	73%

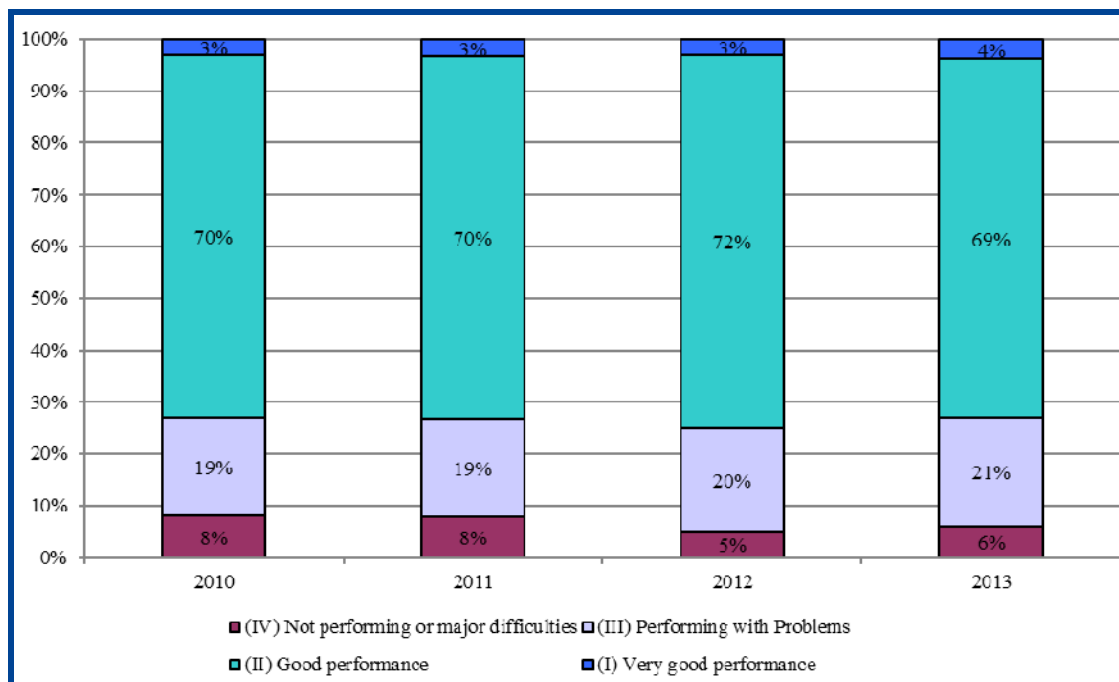
This 'on the spot' independent monitoring aims to provide feedback to project managers and at the same time contributes significantly to the Director-General's assurance that funds have been used for the purposes for which they were intended. Projects assessed by ROM are graded regarding five criteria - relevance and design, efficiency, effectiveness, impact prospects and potential sustainability. Based on these

<sup>79</sup> 1047 on-going projects and 307 regional programmes and 17 Sector Policy Support Programme (SPSP) have been assessed in 2012. In addition, 192 closed projects and 12 Regional Programmes have been assessed ex-post, i.e. after their closure to focus specifically on impact and sustainability.

grades, projects have so far been grouped into performance categories. As shown below the large majority (73%) of projects assessed by ROM were judged to be 'good' or 'very good' in 2013. Meanwhile 6% had major difficulties requiring rapid and substantial action to ensure success.

These figures need however to be related to the fact that the possibility to aggregate findings and draw conclusions for the overall portfolio of projects and programmes is however rather limited due to the fact that ROM covers only part of the projects and programmes and that the selection does not generate a representative sample of projects and programmes and therefore not a solid basis allowing to draw overall conclusions on certain types of projects or programmes. The key value of ROM has therefore been the identification of findings and recommendations for individual projects and programmes as assistance to Delegations and as an additional, independent source of information for Headquarters on the performance of individual projects and programmes.

*Results Oriented Monitoring –  
Performance of projects assessed by ROM by category 2010- 2013*



In 2013, EuropeAid Management decided a reform of ROM as part of an overall reform of monitoring and reporting on projects and programmes. The implementation of the reforms is under preparation and will, for ROM, lead to a new generation of ROM contracts and reviews. This new generation of ROM will be focused on improving the coverage and providing strengthened support to EU Delegations and HQ in project management and results reporting through: i) extension of the system to budget support (BS) programmes, ii) focusing the ROM reviews of other projects and programmes on those flagged by EUDS in EAMR as having implementation problems and projects that could not be visited by Delegations, orienting the reviews stronger towards support to project monitoring, problem solving and reporting by EUD and HQ services in order to enhance the overall quality and performance of DG EuropeAid projects.

➤ **Synthesis of strategic evaluations**

In 2013 six strategic evaluations were finalised and published (the results of these evaluations are available in Annex IX). Below is presented the synthesis of the results and lessons learned for these six strategic evaluations. Other evaluations conducted by different directorates are presented in the same Annex IX.

**Synthesis of key lessons learned**

*The Private Sector Development and Trade Related Assistance evaluations permitted to confirm the clear connection between PSD and TRA and contributed to identify the common lessons learnt and the synergies of the interventions*

devco\_aar\_2013

- Over the last decade, third countries have deepened their integration into the world economy, but the degree of progress varied according to the different contexts. Most progress has been made in countries where the private and public sector were strongly trade-oriented and where the link to the trade agreement provided an incentive for reforms. The EU should better adapt its approach to the context and especially to the level of development of the country.
- A more systematic mainstreaming of poverty reduction and employment creation in the EU TRA and PSD support would increase the impact of EU's support. Poverty reduction and employment creation has not been sufficiently mainstreamed in the design and implementation of TRA and PSD interventions.
- There is still a need for stronger involvement of private sector and non-state actors (NSA) in designing, implementing and monitoring of EU support. The interactions with the private sector have often been weak and the involvement of NSA has been only marginal in TRA. This has limited the understanding of the most important actors, dynamics, needs and issues.

*The evaluation of EU's support to integrated border management (IBM) and fight against organised crime (OC) concluded that synergies should be developed with other related areas, notably Trade.*

- EU support to border management was subject to significant imbalance, with more attention paid to border security to the detriment of trade and traffic facilitation. The significant synergies with support in related areas such as trade were too often under-exploited.
- The EU should ensure better balance between security and trade facilitation in its support by promoting the trade and traffic facilitation of the IBM concept.
- The EU should strengthen its policy framework related to IBM and OC by clarifying the link with EU internal policies and reaffirming the cross-cutting position of IBM and OC in all relevant EU policy areas.

*The recently finalised Budget Support (BS) evaluations in Tanzania and South-Africa (SA) provided key findings and lessons learned on BS.*

- All evaluations of BS provide evidence that BS has made a contribution to the achievement of the agreed objectives with the respective government. Each of the evaluations revealed the strengths of the operations and identified some areas of weaknesses. To this end, deficiencies on policy dialogue, as one of the core components of BS, need to be addressed.
- The Tanzania evaluation shows that budget support tends to be very effective in situations where there is a need to scale up resources to address basic needs

and that neither project funding nor common basket funding could have achieved these same results with the same degree of efficiency, effectiveness and sustainability.

- The evaluation of budget support to South Africa shows that budget support can also be effective in situations where the funds represent a marginal proportion of the country's budget and where the scaling up of resources to address basic needs is less of a problem. The budget support funds have been used by the Government for specific innovative activities and pilot activities which had an impact on the Government policies. It is unlikely that a similar impact would have been achieved if those pilot activities would have been financed through traditional projects, which inherently tend to be less owned by the Governments.

*The geographic evaluation of EU regional cooperation with the European Neighborhood concludes that EU support stimulated regional policy dialogue and contributed to stability, a critical achievement in the difficult context.*

- Nevertheless, if the regional interventions have a strong added value, they suffer from limited linkages with other EU interventions. At country level, the priorities differ sometimes from those of regional cooperation, leading to weak support from some countries.
- The key recommendations include paying more attention to sustainability, carefully assessing at the design stage the specificities and capacities of partners; considering cooperation only with countries with a stronger political will and ensuring that interventions allow flexibility in the choice of local partners.

### **Results of the evaluations published in 2013**

For every evaluation, the "fiches contradictoires" allow to systematically ensure the follow-up of evaluation recommendations. The "fiche contradictoire" presents in tabular form i) the main recommendations of an evaluation; ii) the response of the services and actions to be taken; and iii) the follow-up of these actions one year later. Every "fiche contradictoire" is available on the Evaluation Unit website.

The following section presents some examples where the results of each of the six evaluations finalised in 2013 have influenced decision-making at political, programming and operational levels.

#### **Evaluation of the European Union's support to Private Sector Development in Third Countries (2004-2010)**

The evaluation recommends that the EU should:

- continue offering a wide range of possible types of PSD support;
- devco\_aar\_2013

- improve the communication on its strategy with respect to PSD support.

In the programming 2014-2020, the EU has articulated in a much clearer way what should be targeted at which level by which instruments (national, regional, continental, thematic). This has been communicated to delegations and will contribute to generating a better common understanding of the complementarities between the different instruments.

The EU is also preparing a Commission Communication on the role of the private sector in development that will outline the strategy for implementing the directions given in the 'Agenda for Change' in the field of private sector development on the basis of the conclusions and recommendations of the evaluation. This Communication, which is planned for adoption in June 2014, will update the 2003 Communication on Private Sector Development.

### **Evaluation of the EU Trade related assistance (TRA) in third countries (2004-2010)**

The TRA evaluation recommended an update of the current joint EU Aid for Trade strategy. It was specifically suggested that the strategy should better reflect the growing diversity of support options and to provide better guidance on context analysis and aid modality choices. The recommendation has been agreed by the EU services. However, the recommendation can only be implemented on a longer term, since such update must be discussed and agreed with all EU Member States. A consultation with the EU Member States on this issue has started. In the questionnaire for the EU Accountability Report, Member States are asked whether they think the strategy should be updated.

The evaluation also recommends increasing the use of political economy tools and institutional assessment, especially for capacity development interventions. The EU services are currently updating the Project and Programme Cycle Management Guidance. In this context, the tools for political economy analysis are now given important attention. A methodology to evaluate capacity development has also been developed and is currently being disseminated to the EU Delegations.

### **Evaluation of support to integrated border management and fight against organised crime (2002-2010)**

The evaluation of EU external cooperation on Integrated Border Management and the fight against Organised Crime made a number of recommendations concerning the policy framework, the EU institutional environment, and the implementation approach which can to a large extent be endorsed by Commission services.

As regards the policy level, the evaluation recommended strengthening the links at policy and operational level between IBM and other development sectors such as Security Sector Reform, trade etc. This important issue was discussed in depth at a roundtable organised by the Commission in September 2013 with 50 expert



practitioners in order to consider the implementation of the evaluation recommendations in Latin America and sub-Saharan Africa. The roundtable resulted in specific recommendations on strengthening the links between IBM and security, economic development and effective migration management in future cooperation. Based on the roundtable and evaluation recommendations, a more far-reaching revision of the policy framework may be required but would need further consultation with key stakeholders including EU Member States.

The evaluation recommendations on the implementation approach for IBM projects are followed in the design and development of several new IBM-related projects during 2013. For example, during the identification and formulation of the €5 million 9<sup>th</sup> phase of the Border Management in Central Asia (BOMCA) programme, particular attention was paid to follow the evaluation's recommendations to pay greater attention to sustainability of actions and promote institutional change in authorities by building national capacity for training, and to increase attention in projects to trade facilitation and customs-related aspects of border management.

Also, as concerns the Eastern Partnership – Integrated Border Management – Flagship Initiative, the design of the new regional capacity building project took explicitly account of the following 4 recommendations: better balance between security and facilitation of traffic and trade, including interaction with trade bodies (e.g. World Customs Organisation is partner in the project and specific trade facilitation oriented activities are designed); capacity building assistance increasingly targeted at training reforms (e.g. project primarily targeted at training system of countries) ; greater attention to sustainability (e.g. development of training curricula into national systems) and, lastly, strengthening the support provided through regional interventions (projects covers whole of Neighbourhood East). The recommendation to include top-management-related activity is addressed through the functioning of the EaP-IBM-panel as such where besides the high-level dialogue, the national Action Plans on IBM of the six partner countries are a recurrent point on the agenda.

#### **[Evaluation of EU support to two European Neighbourhood Policy Regions \(East and South\) 2004-2010](#)**

The evaluation was finalised at the end of 2013 and most recommendations such as differentiation of regional partners, increased support to Private sector, transport, civil society and gender issues are already being implemented. The remainder, in particular recommendations linked to the planning of new activities are addressed as of 2014 in the planning and programming process of the AAP. As to enhancing the participation of EU Delegations in the implementation of regional projects this has been an ongoing effort both in the East and in the South and it will be pursued in 2014 when Regional seminars with Head of Operations will be organised and a new and enhanced information and communication strategy developed. The planning of the 2014-20 MFF gives us the occasion to review our sectoral strategies in support of the regional priority sectors both in the East and in the South.

### **Joint evaluation of budget support (BS) to Tanzania (2006-2012)**

This evaluation was and is still being used as the key reference point in the discussion on the future of General Budget Support (GBS) in Tanzania. The 15 recommendations of the evaluation have been widely agreed. The BS donors and the Government of Tanzania have therefore taken the initiative to develop a joint action plan spelling out concrete activities to be carried out in response to the evaluation recommendations. The plan identifies the responsibilities for each activity and the corresponding timeframe of implementation. Although the implementation of the plan is still ongoing, the following actions have already been taken in response to the evaluation recommendations:

- A new structure for policy dialogue is currently under development. The new structure is meant to be issue-based, with new forms and respective participants. A High Level Meeting (HLM) is planned in order to agree on this new structure. A retreat of the Heads of Missions has already taken place in order to prepare this the HLM.
- A joint Performance Assessment Framework (PAF) has been developed and agreed for 2014. The PAF is now better streamlined and aligned with government priorities.
- Seven BS development partners agreed and harmonised their performance tranches for 2013.
- A joint assessment of the Budget Support eligibility criteria (underlying principles) has been implemented for the first time in April 2013 and presented to the government at the last GBS annual review in November 2013. This joint assessment became a key instrument for GBS donors to assess commitments and dialogue with the Government on Macroeconomic policies, PFM, Development Strategy and Fundamental Values.

Apart from these concrete results, the visibility of the EU in Tanzania has been strongly promoted through this evaluation. The EU led the entire evaluation process at both Headquarters and Delegation level. Apart from the dissemination seminars organised in Dar Es Salaam and Brussels, several EU Member States (Denmark, Ireland, Finland) have taken the initiative to organise separate meetings/ seminars at headquarter level, where the results of this evaluation have been discussed with their management.

### **Evaluation of budget support (BS) to South Africa (2000-2011)**

The Evaluation of BS in SA was completed only at the end of 2013, and the Delegation has not yet had the opportunity to engage with the government on a concrete follow up of some of the recommendations. However, the major focus of the recommendations is aiming at a further broadening and deepening of the policy dialogue within the Strategic Partnership and TDCA framework. In this context a comprehensive Programme for a devco\_aar\_2013

Policy Dialogue in the main cooperation areas is under preparation.

In this context, at the workshop at which the final report was presented a senior government official clearly expressed a shift in government's attitude towards EU-SA cooperation and policy dialogue in the different areas of the Strategic Partnership and TDCA. He stated that while some 10 years ago SA would have not accepted policy advice from a development partner, in the meantime the different line departments of the government have had very positive inputs from external sources and are now indeed engaging in a policy dialogue as they have experienced that they can benefit from European and international knowledge and expertise in specific areas such as how to deal with unemployment and in particular youth unemployment, skills development and vocational training, social security networks, fiscal transfers between regions, environmental, health and energy issues.

In addition, it can be expected that:

- The overall cooperation between SA and the EU will be enhanced and that will be reflected in an involvement of a whole range of EU DGs in this cooperation. Already at this point some DGS such as DG Trade, RTD, SANCO and EMPL have some form of contact or cooperation that can be expected to be deepened and expanded to other DGs as well.
- Expanded Capacity building operations in a very broad sense including short and long term provision or exchange of experts, study missions to Europe, conferences, training programmes, etc. may well be implemented as this is in line with Strategic Partnership asking for enhanced policy exchange and knowledge sharing.

## 2.2 Budget implementation tasks entrusted to other services and entities

Performance Indicators –ex-ante institutional compliance assessments	2012	2013
<b>Input - resources devoted to ex ante institutional compliance assessments</b>		
International organisations – amount contracted under framework contracts for the 4 pillar compliance assessments (joint management) (+ number)	€0.2 million (8)	€0.04 million (3)
Beneficiary countries – amount contracted for the 5 pillars compliance assessment of beneficiary states and regional organisations (decentralised management) (+ number)	€0.32 million (3)	€0 (0)
National development bodies - amount contracted for the 6 pillar compliance assessments (centralised indirect management) (+ number)	€0.03 million (1)	€0.02 million (1)

Output - Level and nature of controls carried out		
Number of international organisations' assessments (joint management) completed (+ cumulative since 2006)	17 (95) <sup>80</sup>	10 (105) <sup>81</sup>
Number of beneficiary countries' assessments (decentralised management) completed (+ cumulative since 2009)	3 (13) <sup>82</sup>	0 (13) <sup>83</sup>
Number of national development bodies' assessments (centralised indirect management) completed (+ cumulative since 2008)	4 (22)	1 (23) <sup>84</sup>

This section reports and assesses the elements that support the assurance on the achievement of the internal control objectives as regards the results of the DG's supervisory controls on the budget implementation tasks carried out by other Commission services and entrusted entities distinct from the Commission.

DG EuropeAid contracts with external auditors to undertake prior institutional assessments of third party bodies wishing to implement aid programmes on the Commission's behalf under delegated management systems. Auditors check compliance with internationally recognised standards of financial management (notably audit, accounting, internal control and procurement).

The Financial Regulation ('FR') applicable to the General Budget of the EU has undergone significant changes with regards to management modes, which entered into force on 1 January 2014. The changed conditions of the new FR have a major impact on the objectives and scope of Pillar Assessments. Consequently, all International Organisations (IO) previously working with the Commission under joint management must be subjected to a re-assessment which should be completed by the end of 2014.

In November 2013 DG EuropeAid's management adopted new terms of reference ('ToR') for Pillar Assessments, i.e. institutional assessments of international organisations to be entrusted with Budget Implementation under the indirect management mode and a strategy for Pillar (re)assessments.

The new ToR for Pillar Assessments replace the previous ToR for assessments of IOs under joint management, and of organisations and bodies working under decentralised management and indirect centralised management (formerly called, respectively, 4, 5 and 6 pillars). In 2013 no Pillar Assessments of the new type were contracted.

### ***International organisations: Institutional compliance assessments (joint management)***

<sup>80</sup> This cumulative number includes updates of previous assessments.

<sup>81</sup> Data extracted from CRIS to be confirmed by Annual Summary Report.

<sup>82</sup> Papua New Guinea and 2 in Cambodia.

<sup>83</sup> Data extracted from CRIS to be confirmed by Annual Summary Report.

<sup>84</sup> Data extracted from CRIS to be confirmed by Annual Summary Report.

During 2013 three new assessments were contracted and 10<sup>85</sup> completed by DG EuropeAid framework contractors with regard to the conformity of international organisations' procedures with internationally accepted standards. This brings the cumulative total at the end of the year to 105 assessments covering 146 IOs<sup>86</sup>. Most IOs with which the Commission has had a long lasting collaboration have now been assessed and future exercises will focus on new partners and on the review of older assessments.

The world's largest IOs working on external aid have now all been assessed by the Commission in relation to joint management. The results are satisfactory and show that the organisations have generally met internationally accepted standards regarding their accounting, auditing, internal control and procurement procedures.

#### **Beneficiary organisations: Institutional compliance assessments (decentralised management)**

Traditionally, the level of decentralisation practised by DG EuropeAid has been partial, since beneficiary countries use Commission procedures and all payments to third parties are made by the Commission, with the exception of those payments made under programme estimates<sup>87</sup>. This decentralised management approach implies a higher level of risk in terms of the likelihood of legality and regularity errors. If procedures other than those of the Commission are to be applied to implement the action the Commission first needs to obtain assurance that the control environment complies with the conditions provided for in the relevant Financial Regulations. Terms of Reference for these assessments have been issued, together with specific guidance. Assurance for partially decentralised management is informed primarily through ex-ante transactional controls, ex-ante audits and ex-post controls as well as monitoring and reporting.

#### **National donor bodies: Institutional compliance assessments (centralised indirect management)**

One assessment of a national development agency has been contracted and finalised in 2013 and the results were positive. Generally speaking, the overall results of the assessments performed in recent years have been positive. The results show that the national agencies meet internationally accepted standards of financial management and where critical recommendations have been made by the auditors, swift remedial action has been taken. The assessments, complemented by monitoring and reporting, provide the primary element for assurance under centralised indirect management.

---

<sup>85</sup> Two of these assessments were updates of previous assessments.

<sup>86</sup> The assessment of the UN Secretariat covers 30 different UN organisations and this cumulative number does not include updates of previously performed assessments (e.g. ICMPD was reassessed in 2013).

<sup>87</sup> A formal agreement between the National Authorising Officer and the Commission under (partially) decentralised management to undertake/contract/execute payments for activities.

## 2.2.1 Contribution Agreements signed with International Organisations in Joint Management

Performance Indicators – External (ex-ante) verification missions to international organisations (joint management) <sup>88</sup>	2012	2013
<b>Input – resources devoted to verification missions to international organisations</b>		
Amount contracted by the Commission for verification missions (+ number)	€0.7 million (32)	€0.6 million (23)
<b>Output - Level and nature of controls carried out</b>		
Number of final verification mission reports approved	43	36 <sup>89</sup>
<b>Result / Outcome - What the controls allowed us to discover/remedy</b>		
Total financial findings (/ total amount of EC expenditure verified)	€8.6 million (3%)	€5.9 million (2%) <sup>90</sup>

### ➤ Verification missions to international organisations

Standard Contribution Agreements with International Organisations (IOs) allow the Commission to carry out checks, including on the spot, in order to acquire an understanding of the IO's system of accountability and to be able to report on the proper use of EU funds. Such verifications are affected by the Framework Agreements that may be in place with certain IOs. For example, the EC-UN Financial and Administrative Framework Agreement (FAFA) defines in detail the scope of these missions, other agreements are not so specific and generally allow for a broader verification.

The number of annual verification missions over the last few years has fluctuated, but the number of contracts verified has remained constant at approximately 60 per year. During 2013, 36 verification missions were finalised through the audit Framework Contract (26 for the UN and 10 to other international organisations).<sup>91</sup>

<sup>88</sup> The data on verification missions are also included in the indicators on the previous table on audit results.

<sup>89</sup> Data extracted from CRIS to be confirmed by Annual Summary Report.

<sup>90</sup> Data extracted from CRIS to be confirmed by Annual Summary Report.

<sup>91</sup> Ex-ante assessments are carried out before contracting with an organisation. 15 of the 17 organisations covered by verification missions in 2012 were part of the group of 52 international organisations with which the EC contracted contribution agreements in 2012.

### ***2.2.2 Delegation Agreements signed with National Agencies in indirect centralised management***

Under Delegated Cooperation at EU level, where the EU is a co-financing donor while a Member State agency is the fund-managing donor, the Commission entrusts budget-implementation tasks to this agency in indirect management. The Member State agency can be a public-law body or a body governed by private law with a public-service mission providing adequate financial guarantees. In practice, it is either a ministry where the legal entity is the Member State itself or it is a separate legal entity (agency). The potential delegatee must fulfil the following eligibility criteria:

- it operates at the highest government level (national or federal);
- it is specialised in technical or financial development cooperation with partner countries of the Development and Neighbourhood policies; as such, it is generally capable of mobilising co-financing of its own (i.e. from its Member State) or from other donors, along with that of the EU;
- it implements cooperation activities without subcontracting or sub-delegating entire programmes or projects to other entities.

Any entity has to be assessed in the Pillar Assessment and any weaknesses in its financial management have to be satisfactorily addressed either at the level of following up on the Pillar Assessment report recommendations or by way of appropriate remedial provisions in the delegation agreement.

A specific Assessment Sheet “Delegated Cooperation - Indirect Management with a Member State or third donor country agency” to be filled in and submitted to DG EuropeAid Headquarters. The Assessment Sheet examines the relevance and feasibility of the delegated measure for the EU, the partner country and the delegatee. It analyses whether the delegated measure contributes to the strengthening or rationalisation of a wider division of labour process, whether it is coherent with the EU strategies and programming documents, it assesses its impact as regards EU visibility, the cost-benefit/impact ratio and the likely risks and disadvantages of the measure. The risk may consist in one or more donors withdrawing from the Delegated Cooperation; a contingency plan or other risk-mitigating measures should be proposed for such scenario. With regard to the partner country, it asks whether the delegated measure is owned and led by it and aligned to its development strategy and whether it agrees with the implementation by the delegatee. The information on expected efficiency gains and reduction in transaction costs is also analysed. With regard to the delegatee, it is assessed whether it has the technical and financial management capacity to implement the delegated measure, on the basis of international track record, sectors of intervention and project pipeline, whether it provides comparative advantages and whether it has significant and sustainable involvement in the relevant programme or sector. The eligibility of the delegatee has to be confirmed and information on possible reciprocity can be provided.

devco\_aar\_2013

DG EuropeAid contracted 53 Delegation Agreements in 2013, most of which with national agencies in France, Germany, Spain and the United Kingdom, for a total financial value of around €471 million.

### ***2.2.3 Financial Instruments managed by entrusted bodies***

The Commission is making increased use of innovative financial instruments in the field of external cooperation. Innovative financial instruments such as blending are a way to fill the financing gap between what is needed to address developmental challenges and what donors can provide. The EU blending mechanisms combine EU grants with additional non-grant resources for important investments in EU partner countries. By using grants strategically via blending, substantial additional public and private financing can be unlocked, supporting EU development policy objectives and leading to increase the impact of EU external cooperation and development policy.

The use of these innovative financial instruments is reinforced by the work of the EU Platform for Blending in External Cooperation (EUBEC). EUBEC was launched in December 2012 on request by Council and Parliament with a view to further increase the effectiveness of aid delivered by the European Union through blending by providing recommendations and guidance. The Platform is led by a Policy Group (EC, EEAS, MS, European Parliament as an observer) which makes recommendations based on work carried out in technical groups with experts from finance institutions. The EU Platform is managed by EuropeAid together with ECFIN and ELARG. In 2013 the technical groups of the Platform worked on a review of existing blending mechanisms, review of the ex-ante technical and financial analysis of projects, indicators for measuring results, monitoring and reporting as well as the further development of financial instruments. The results of the technical groups were presented to the Policy Group in July and December 2013. Member States welcomed the important technical work and the concrete recommendations. In addition a review of the governance structure of existing blending facilities was carried out. The Commission, in close cooperation with EEAS, chaired this work and submitted a proposal for a future oriented structure that will contribute to further increase efficiency and effectiveness of blending. This and a limited number of other issues, such as EU visibility and guidance on the contribution of blending to a differentiated approach of EU grant allocation, was also addressed by the Policy Group in its meeting in December 2013.

In 2013, the final approvals for all the regional blending facilities sum up EU contributions of almost €400 million to 52 investment projects with a total value of €7.2 billion. The bulk of the projects approved were supporting the Energy sector (55% of the total EU contributions), followed by projects focusing on water and sanitation (19.7%) and the transport sector (14.5%). The rest of the projects supported (11% of all contributions) targeted environment, social and private sectors.

Blending allowed a timely response to the Sustainable Energy For All initiative (an initiative of the UN Secretary-General). More than one fourth of the EU contracted



amounts in 2013 is allocated to energy-related projects. Blending also served to make contributions to other political initiatives such as the Deauville Partnership, in particular in the form of Support to Small and Medium-sized Enterprises.

In line with the above and the Commission Communication Increasing the impact of EU Development Policy: an Agenda for Change, the use of blending to catalyse private investment has increased. Firstly, support to the private sector – mainly SMEs – rose up to the amount of €68.1 million in contracts and constituted 23.4% of the total grants blended in 2013, in comparison with 13% in 2012. Secondly, the partnership with the European Development Finance Institutions (EDFI) signed with the EIB, which had been brought underway to further increase this catalysing role in 2012, resulted in the conclusion of a €50 million contribution agreement in 2013.

After contracting, national projects forming part of the regional blending facilities NIF (Neighbourhood Investment Facility), IFCA (Investment Facility for Central Asia), AIF (Asian Investment Facility), LAIF (Latin America Investment Facility), IFP (Investment Facility for the Pacific) and CIF (Caribbean Investment facility) are deconcentrated to the EU Delegations, whereas EuropeAid HQ manages the FEMIP (Facility for Euro-Mediterranean Investment and Partnership) and GEEREF (Global Energy Efficiency and Renewable Energy Fund, including the new compartment for Energy For All) as well as regional projects of the above mentioned blending facilities.

Budgetary implementation responsibilities have been delegated to the EIB (European Investment Bank) for the ITF (Africa Infrastructure Trust Fund) and partly for the FEMIP.

As regards the ITF, the decision on project proposals is taken by the Executive Committee to which the Commission is a member. In practice the decisions on grant approvals have been taken unanimously, so far. If, however, the voting rights of the governing Trust Fund rules were to be applied, the Commission would have a, de facto, veto right due to the allocation of more than 2/3 of funds to the ITF.

When assessing and implementing operations, the EIB applies its internal control procedures, while the cooperation between the ECA, the Commission and the EIB is ruled by the Tripartite Agreement which entered into force on 27 October 2003.

The types of operations (scope of activities) to be financed under the above mentioned facilities are the following:

- Investment co-financing in public infrastructure projects;
- Loan guarantee cost financing;
- Interest rate subsidy;
- Technical assistance (financed as part of a specific investment operation or as a global envelope made available to eligible financial institutions);

- Risk capital operations (financed as part of a specific investment operation or as an envelope made available to eligible financial institutions).

As regards supervisory arrangements it is carried out by the Lead Financial Institution (LFI) which executes ex-ante assessments on all tender procedures and ex-ante or ex-post assessments related to payments, when the Commission entrusts budget implementation tasks to a partner country. When the Commission delegates budget implementation tasks directly to a LFI, the latter is responsible for carrying out the tasks relating to the implementation of the project, including the supervision.

Concerning monitoring arrangements, the LFI is responsible for the overall/main monitoring of the project although the day to day monitoring is usually ensured by the project executing entity (e.g. in the partner country). The Commission shall be invited to the main monitoring missions executed by the LFI and shall also be informed of the results of such missions. In addition, the Commission also reserves the right to carry out its own monitoring mission either by its own members of staff or by external consultants (i.e. Results Oriented Monitoring, ROM).

Reporting and supervision requirements: the provisions of contracts between the Commission and the partner country or LFI require the latter to provide annual progress reports consisting of a narrative and a financial part. If these reports are prepared by the partner country or any other implementing body they need to be approved by the LFI. When risk capital operations or guarantees are financed with a contribution from the Regional Blending Facilities, the reporting requirements are usually adapted in order to reflect the specificities of these operations.

For Support to FEMIP, key supervisory measures are:

- By 31 March 2013 (and by 15 March as from 2014), the EIB provides the Commission with individual annual operational reports on the implementation of each of the following types of Operations: risk capital operations, interest rate subsidies for projects in the implementation period, and technical assistance operations;
- All operations are subjected to the relevant bank's procedures regarding monitoring, evaluation and inspection;
- The Commission, at any time, may request from the bank any information related to the implementation of this management agreement;
- For technical assistance operations external results-oriented monitoring (ROM) is conducted by independent consultants engaged and paid by the Commission. The reports of these consultants are shared with the bank, who is entitled to provide its comments;
- It is foreseen to carry out a specific evaluation of the instrument ("Support to the FEMIP") at the end of the programming cycle.

Specific supervision-related arrangements with regard to Africa-ITF are:

- The Manager of the Trust Fund is the EIB, which is responsible for its financial management, accounting and treasury operations. The Trust Fund is managed in accordance with the manager's usual criteria and procedures, including appropriate internal control measures;
- Annual report: the EU-Africa ITF publishes publicly available annual reports and annual financial statements since its creation in 2007, covering Trust Fund Operations of the respective calendar year (EU-AITF website: <http://www.eu-africa-infrastructure-tf.net/>);
- Semi-annual monitoring report, providing updates on all operational, quantitative and qualitative elements of the ITF, e.g. contributions, disbursements, pipeline, new approvals, portfolio, etc. on a semi-annual basis (June, December). The semi-annual progress reports are sent regularly to the members of the Executive Committee (including the European Commission) and of the Project Financiers' Group in preparation of their respective meetings;
- Project Completion Report, which is a report on the physical, operational and financial implementation of each project and technical assistance operation triggered by the final disbursement of the grant.

As regard results, the follow-up audit of the European Court of Auditors on banking measures in the Mediterranean area in the context of the MEDA programme and the previous protocols concluded that all the audit recommendations have been fully implemented.

In addition, a mid-term evaluation of the NIF under the European Neighbourhood and Partnership Instrument (ENPI) 2007-2013 was finalised in May 2013. It focussed on the analysis of the mechanism and its procedures since its inception until the end of 2011.

The evaluators found out that the NIF has been generally successful and has been relevant to its strategic objectives and the European Neighbourhood Policy. Moreover, it has achieved its goal of leveraging significant financial resources through grants.

It is clear from the evaluation that the NIF has significantly contributed to the development of partnerships and has increased coordination and collaboration amongst Finance Institutions and the European Commission. However, there are a number of aspects, such as visibility, that will need to be reinforced and improved.

The findings of this evaluation, together with the findings relating to the Africa Infrastructure Trust Fund, have been used, with other reports, by the Platform for Blending in External Cooperation (EUBEC). EUBEC is taking a wide ranging look at many aspects of the EU's blending facilities. The evaluation recognised the relevance of EUBEC and recommended continued support to its development.

The following table shows the aggregated financial contributions by DG EuropeAid (Commitments level 1) committed by 31/12/2013:

Facilities (commitments in EUR, decision level 1)	2012 <i>cumulated*</i>	2013
<i>NIF</i>	566,920,334	210,500,000
FEMIP	192,000,000	32,000,000
<i>LAIF</i>	129,850,000	49,500,000
<i>CIF</i>	40,000,000	30,200,000
<i>IFCA</i>	65,000,000	20,567,000
<i>AIF</i>	30,000,000	30,000,000
<i>IFP</i>	10,000,000	0
<i>Sustainable Energy 4 All**</i>	400,000,000	0
<i>ITF</i>	308,700,000	0
<i>GEEREF (Budget)</i>	76,100,000	0
<i>GEEREF (EDF)</i>	0	20,000,000
<i>Total</i>	<i>1,818,570,334</i>	<i>392,769,013</i>

\* Since the creation of the respective facilities.

\*\* Not a separate financing instrument, relates to several regional programmes.

## 2.2.4 Assessment of management and audit authorities in shared management

### ➤ Institutional compliance assessments (shared management)

DG EuropeAid contracts with external auditors to undertake prior institutional assessments of third party bodies wishing to implement aid programmes on the Commission's behalf under delegated management systems. Auditors check compliance with internationally recognised standards of financial management (notably audit, accounting, internal control and procurement).

Cross Border Cooperation (CBC) Programmes under the European Neighbourhood Policy instrument are run under shared management with EU Member States.

Thirteen programmes have been established. All the Joint Management Authorities have now been assessed by DG EuropeAid, by the means of verification missions (except for the Baltic Sea Region programme for which DG REGIO has the main part of the budget allocated to this programme).

Of the 4 important recommendations, one (nr 2) is completed as of 30/11/2013 and the remaining three recommendations (nr 3, 5 and 6) are in progress. The draft action plan devco\_aar\_2013

has been sent to management in January.

The objectives of the verification missions - carried out in accordance with the European Commission's Regulation n° 951/2007 - are to perform the following checks regarding the entities in charge of the management and control of these programmes:

- to verify that the systems correspond to the descriptions submitted to the Commission in the Joint Operational Programme Document;
- to verify the compliance of the systems with the Financial Regulation and with its Implementing Rules, the ENPI regulation and ENPI/CBC Implementing Rules;
- to obtain reasonable assurance that the systems are functioning effectively and efficiently in order to prevent and detect errors and irregularities, and to ensure the legality and regularity of the underlying operations and the accuracy and eligibility of the revenue and expenditure declared to the Commission.

The results were positive, as they did not lead to any interrupted or suspended payments or to any financial corrections. The assessment of the national control systems was deemed satisfactory and led to a reasonable assurance with regard to the management capacity of the Joint Management Authority. In addition, the ENPI Regulation foresees that a declaration signed by the representative of the Joint Managing Authority shall be provided on an annual basis. It shall give an assurance that the management and control systems set up by the programme in the course of the previous year continue to comply with the model approved by the Commission and that they have operated in such a way as to warrant a reasonable degree of confidence in the correctness of the financial report and in the legality and regularity of the transactions to which it relates. Declarations pertaining to 2012 were provided by the Joint Managing Authorities by 30 June 2013. The declarations pertaining to 2013 will be provided by 30/06/2014 in accordance with Article 28 of Commission Regulation (EC) n°951/2007 of 09/08/2007.

The final audit report on the Cross Border Cooperation was received at the end of 2013. All nine recommendations were accepted, four are classified as important, five as desirable (they add value to the audited process, but non-implementation does not mean any risk). No very important or critical recommendations were reported.

### **2.2.5 Cross-sub-delegations**

In 2013, DG EuropeAid had in place 14 cross-sub-delegations which were granted prior to 2013 to other Directorates General and Services. No new cross-sub-delegation was granted in 2013. The existing cross-sub-delegations were reviewed in 2013 and 5 of them will be cancelled in 2014, as the projects concerned were closed. The Authorising Officers of the DGs and Services receiving a cross- sub delegation from DG EuropeAid are required to implement the appropriations subject to the same rules, responsibilities and accountability arrangements.

devco\_aar\_2013

Conditions covering these cross delegations given by DG EuropeAid include a written convention, setting out the conditions governing the sub-delegation, in particular the frequency of reports, the controls to be carried out by the authorising officer by sub-delegation, and the requirement to inform the authorising officer by delegation in writing of any management problems encountered and the solutions proposed to remedy them. At 31/03/2014 DG EuropeAid had received all reports from Directors General to whom a crossed sub-delegation had been awarded and these have been scrutinised by DG EuropeAid's services. In their reports, the AODs do not communicate any events, control results or issues which could have a material impact on assurance.

List of activities covered by crossed sub-delegations granted to AODs in another Directorate General or Service

DG receiving cross delegation from DG EuropeAid	Type of activities	Remarks
<b>DG Climate Action</b>	Priority 4 "Strengthening international environmental governance and policy development" of the "Thematic Programme on Environment and Sustainable Management of Natural Resources, including Energy" as defined in the Communication COM (2006)020 and in the "thematic strategy for environment and sustainable management of natural resources, including energy (ENRTP) 2007-2010 (C(2007)2572)" and its sub-sequent update for 2011-2013 (C(2010)9312) for the management of Priority 3.2 "External Climate Policy".	
<b>DG Education and Culture</b>	Activities under the Erasmus Mundus External Co-operation Window ( <i>Tempus &amp; Euromed-Jeunesse</i> ).	
<b>DG Economic and Financial Affairs</b>	Closure of old files TACIS and Phare under the JOP (Joint Venture Programme).	Projects financed by these credits currently under closure
<b>DG Humanitarian Aid and Civil Protection</b>	EDF funds for the implementation of provisions on humanitarian and emergency assistance to ACP countries in the ACP-EC partnership agreement and to OCTs.	
<b>DG Enlargement</b>	Follow-up to TAIEX activities.	
<b>DG Enterprise and Industry</b>	Financing of the compulsory single Cost Benefit Analysis (CBA) for externalization of MFF programmes to executive agencies	Projects financed by these credits currently closed
<b>DG Environment</b>	Priority 4 "Strengthening international environmental governance and policy development" of the "Thematic Programme on Environment and Sustainable Management of Natural Resources, including Energy" as defined in the Communication COM (2006)020 and in the "thematic strategy for environment and sustainable management of natural resources, including energy (ENRTP) 2007-2010 (C(2007)2572)", and the subsequent update for 2011-2013 (C(2010)9312) Priority 3.1 "External Environment Policy".	
<b>Service for Foreign Policy Instruments</b>	Funding for the Network for Enhanced Electoral and Democratic Support (NEEDS) designed to enhance the quality and capacity of European Union Election Observation	Projects financed by these credits currently closed

	Missions (EU EOMs) and support domestic observer organisations around the world.	
<b>DG Home Affairs</b>	Projects for cooperation with third countries on migration issues, years 2001, 2002 & 2003.	Projects financed by these credits currently closed
<b>Office For Administration And Payment Of Individual Entitlements</b>	Management of the files for special advisors, electoral observation.	
<b>European Anti-Fraud Office</b>	Hercule II - organisation of the training Conference. 'Protection and optimisation of Public Funds' in Panama	Projects financed by these credits currently closed
<b>DG Regional Policy</b>	South-East Europe Transnational Co-operation Programme for Moldova and Ukraine	
<b>DG Interpretation</b>	Projects under the 'interpreters training programme'(China and Vietnam)	
<b>DG Health and Consumers</b>	Raising awareness of sanitary and phytosanitary standards in the production and distribution of food in Africa.	

### **2.2.6 Executive Agencies**

DG EuropeAid works with the Education, Audiovisual and Culture Executive Agency (EACEA) under centralised indirect management for the implementation of three programmes in the field of higher education known as: 'Erasmus Mundus Action 2', Tempus IV actions and intra-ACP mobility scheme. These are financed under the relevant external cooperation instruments (ENPI, DCI, EDF).

DG EuropeAid's responsibility is executed through the Steering Committee of the Executive Agency, composed of five members from the three parent DGs (DG EuropeAid, DG Education and Culture and DG Communication) and one member from DG Budget. The steering committee meets four times a year and is the main control and communication body whose tasks derive directly from the Framework Regulation on Executive Agencies. It adopts inter alia the following documents of the agency: its annual work programme, annual activity report as well as its budget. The president of the steering committee informs the parent DGs' Directors General of the decisions taken by the committee as well as all relevant topics concerning the work of the agency. Every steering committee is prepared by the 'horizontal affairs meeting' chaired by the director of the agency with the participation of the relevant services of the parent DGs.

The Annual Activity Report of the Agency can be found in Annex 7. Although its Director made a reservation on the basis of error rates in grant payments being above 2% of the 2013 programme budgets for the LLP programme this has no direct bearing on the assurance for the Director General of DG EuropeAid as this programme is not financed by the DG EuropeAid portfolio.

### ➤ Conclusion on indirect management

For the 2013 reporting year, the cross-delegated AODs, the Executive Agency and entrusted bodies have themselves reported reasonable assurance on the delegated budget managed by them on our behalf. They have signalled no serious control issues.

From our own monitoring and supervision work done as a Parent DG we have no indications that their reporting would not be reliable.

Consequently, in view of our residual responsibility as “Parent DG” for the indirect management of the parts of our budget via the cross-delegated AODs, Executive Agencies and entrusted bodies mentioned above, we can conclude that there are no control weaknesses affecting the assurance building.

## 2.3 Assessment of audit results and follow up of audit recommendations

Control body	Audit	Very Important recommendations open in January 2013	Implemented during 2013	In progress
IAC	oQSG	1	0	1
	Derogations, other exceptions and prior approvals	1	1	0
	Controls on EC funded projects implemented by and through the African Union Commission	5	4	1
	<b>Total IAC</b>	<b>7</b>	<b>5</b>	<b>2</b>
IAS	Thematic budget lines	1	1	0
	Payment deadlines	4	4	0
	Programme Estimates	1	0	1
	EDF grants	3	3 <sup>92</sup>	0
	Local IT	3	2	1
	<b>Total IAS</b>	<b>12</b>	<b>10</b>	<b>2<sup>93</sup></b>

<sup>92</sup> One recommendation (no. 8 – *Quality of CRIS Data*) was implemented in January 2014, the cut-off date for the inclusion of IAS audit reports and recommendations in the 2013 AAR being 31 January 2014 in accordance with the 2013 Final Overview Report on the follow-up of IAS recommendations.

<sup>93</sup> Both recommendations are more than six months overdue.



<b>ECA Annual and Special Reports</b>	Annual Report 2011	4	2	2
	SR 1/2009 Banking measures: MEDA programme	1	1	0
	<b>Total ECA</b>	<b>5</b>	<b>3</b>	<b>2</b>

This section reports and assesses the observations and conclusions reported by auditors which could have a material impact on the achievement of the internal control objectives, and therefore on assurance, together with any management measures taken in response to the audit recommendations.

The DG is audited by both internal and external independent auditors: its internal audit capability (IAC), the Commission's internal audit service (IAS) and the European Court of Auditors (ECA).

### **2.3.1 Internal Audit Service (IAS)**

The IAS finalised three new audits/reviews in 2013, in accordance with its strategic audit plan. The first one, on 'AAR process in the Commission', aimed primarily at auditing the DG's Annual Activity Report (AAR) as well as the internal procedures and controls put in place to build the assurance given by the Service. All the recommendations have been accepted, including those calling for a reinforcement of the AAR in its purpose of being an effective accountability and assurance tool, for an enhancement of the effectiveness of the External Assistance Management Report (EAMR) and for an overall improvement of the reporting, except specific observations on the necessity for DG EuropeAid to provide instructions to Delegations on how to apply the materiality criteria fixed at the level of the Directorate-General or for the Heads of Delegations to better document their Statement of Assurance. The audit on 'DG EuropeAid's State of Preparedness for the Revised European Court of Auditors' DAS Methodology' assessed the actions decided and implemented by DG EuropeAid in order to address the ECA's revised DAS (Statement of Assurance) methodology and to mitigate the discharge risk. Finally, the objective of the limited review on 'DG EuropeAid's Methodology and Calculation of the RER' was to review the methodology for the Residual Error Rate (RER) study and the way the results of this study are incorporated in the 2012 Annual Activity Report (AAR). In addition, the IAS carried out several follow-up audits, on 'Thematic budget lines', 'Compliance with payment deadlines', 'Programme estimates financed by EU and EDF Budget' and 'EDF grants'.

Though initially scheduled for 2013, the audit report on 'Procurement under decentralised management mode' will be issued at the beginning of 2014. It focuses on the adequacy and effective application of the internal control system related to procurement award and contracting processes implemented under the decentralised management mode. The only very important issue identified points at the existing provisions in DG EuropeAid's Practical Guide (PRAG) relating to the status of the experts

proposed by successful tenderers, notably in the case of potential questions of ethics and conflict of interest, which require appropriate clarification and improvement.

All IAS audits carried out concluded that the internal control system in place provides reasonable assurance regarding the achievement of the business objectives set up for the process examined, except for specific very important qualifications related to the Annual Activity Report process, to the methodology and calculation of the Residual Error Rate and to procurement procedures under decentralised management mode.

The new 'very important' IAS recommendations implemented in 2013 relate to two out of these four new audit reports produced by the IAS as no recommendation has been issued in the audit on 'DG's state of preparedness for the revised ECA methodology'. Concerning the AAR process, the IAS asserted that the report does not provide sufficient information on how the Directorate-General built up reasonable assurance about the legality and regularity of expenditure on a multi-annual basis. Some of the measures taken targeted the instructions of the EAMR which have therefore been revised, as well as the template of the SDAO report; in addition, a report on the 2012 Key Performance Indicators (KPI) now allows a comparative analysis of the KPI values by Delegation.

As regards the audit on 'DG EuropeAid's methodology and calculation of the RER', all recommendations relate to actions already completed at the time when the IAS review was finalised. This is notably for those relating to the final version of the 2012 AAR, to the enhancement of the reliability of CRIS data and to the integration of the study in the AAR, with two exceptions (assessment of costs and benefits of controls, and issuance of recovery orders for the recovery of unduly paid amounts) which are part of the action plan relating to the reservation raised in the 2012 AAR<sup>94</sup> to be implemented throughout the year 2014.

Appropriate action plans have been submitted for all other accepted recommendations and assessed favourably by the auditors. The various management measures included in these action plans have been or are being implemented as planned.

Concerning IAS recommendations issued in previous years, the efforts to complete the implementation of a number of longstanding 'very important' recommendations (deemed partially implemented by the IAS after follow-up audits performed in 2012) which had become significantly overdue have been pursued throughout 2013. Several second follow-ups of recommendations stemming from eight audits conducted prior to 2010<sup>95</sup> lead to the closure of the remaining open 'very important' ones.

In addition, four recommendations related to the audits on 'EDF grants' and

---

<sup>94</sup> 'Action plan for addressing the weaknesses identified in the implementation of DG EuropeAid internal control system'.

<sup>95</sup> IAS audits on 'The implementation of the FAFA with the UN', 'Eligibility of costs under the FAFA', 'Ex-post controls', 'Financial management of regional programmes', 'Financial management of main programmes in Asia/Latin America/Neighbourhood', and on 'Recoveries'.

'Management of local IT in DG EuropeAid' have been implemented before they turned six months overdue. For the former, two 'very important' recommendations out of three, relating to the centralised and decentralised calls for proposals, have been fulfilled with the finalisation of the new template "guidance for evaluation" (published in the 2013 version of the PRAG) and the inclusion of specific measures in the action plan to address the weaknesses in the internal control system targeting the management and supervision of calls for proposals/tenders. Regarding the latter, and more specifically the information systems security issue, a new section devoted to security activities has been created within the IT unit that will report directly to the Resources Director. The workstation park of the DG also continues to be regularly updated due to DG EuropeAid's migration to NOAP.

Moreover, a longstanding recommendation from the audit on 'Thematic budget lines', overdue for more than twelve months, has been definitively closed due to updated statistical information on local calls for proposals recently made available, together with the production of an online application system (PROSPECT) with a view to simplifying and optimising the call for proposals process. Four other 'very important' recommendations relating to the audit on 'Compliance with payment deadlines', notably on the monitoring and reporting on the payment process, the improvement of the management of suspensions and the revision of the payment checklists, have been re-opened by the IAS in the follow-up audit conclusions after having been assessed as requiring further improvement. Nonetheless, their full implementation has been concluded at the very beginning of 2014.

Only two IAS recommendations classified as 'very important', and more than six months overdue, were still open by the close of 2013; the related action plans being largely but not fully implemented. As regards the outstanding recommendation linked to the audit on 'Programmes Estimates funded by the EDF and the EU budget', the expected final versions of the tools and guidelines (to be produced in the framework of the reform of monitoring/reporting on projects and programmes) will be finalised in the second quarter of 2014 to be then disseminated to EU Delegations and Headquarter units. Secondly, a recommendation related to IT system security plans remains in progress as works on critical systems of CRIS are scheduled to be completed in 2014. Nevertheless, the current implementation status of the action plans for both recommendations does not raise any assurance-related concern.

### **2.3.2 Internal Audit Capability (IAC)**

The Internal Audit Capability (IAC) issued two audit reports, one on 'Cross Border Cooperation in the context of the European Neighbourhood Policy', the other on the 'Management of EuropeAid's Resources in EU Delegations in the post-Lisbon Treaty context'. It has also completed two follow-up audits foreseen in the Annual Work Programme, the second follow-up of the Internal Audit Report on 'Human Resources Development in Delegations' and the follow-up of the Internal Audit Report on 'Derogations, Other Exceptions and Prior Approvals'.

Consequently, the Internal Audit Capability (IAC) expressed the opinion that, for 2013, based on the results of the audits as described in the objectives and scope of the engagements carried out by the IAC of DG EuropeAid during 2013, the internal control system in place provided reasonable assurance regarding the achievement of the business objectives set up for the processes audited. Additionally, the DG EuropeAid internal auditor declared being unaware of anything not reported which could lead to a potential reservation in the Annual Activity Report.

As for the implementation of recommendations issued in previous years, the remaining 'very important' one put forward in the 2011 audit report on 'Derogations, other exceptions and prior approvals' was implemented in 2013 - with the addition of a business rule in the CRIS contract module - but two others from the audits on 'oQSG' and 'Controls on EC projects implemented by and through the African Union Commission' are still relevant.

As regards the more recent one ('Controls on EC projects implemented by and through the African Union Commission'), four 'very important' recommendations out of five, pertaining to a management tool for supervising overall EC development cooperation, the conditions for the use of Contribution Agreements under Joint Management or more adequate controls to ensure that the risk of ineligible expenditure is mitigated, have already been implemented. The last one which implementation is still on-going relates to the definition of quality criteria and the respect of deadlines for reporting on the correct use of EC funds managed by the African Union Commission (AUC): the newly adopted African Union Support Programme II will actually provide more opportunity to discuss with the AUC about the quality of financial and narrative reports, still not sufficiently result-oriented.

### **2.3.3 European Court of Auditors (ECA)**

The ECA published its European Development Funds (EDF) and General Budget Annual Reports for 2012 in November 2013. Chapter 7 of the 2012 Annual Report on the EC Budget found an estimated error rate for transactions in the policy group External Relations, Aid and Enlargement of 3.3%, the increase if compared with the estimation for the 2011 annual report being almost entirely attributable to the change in the sampling approach by the ECA. The latter estimated the error in the 2012 EDFs annual report at 3.0%. DG EuropeAid's supervisory and control systems were assessed as partially effective in both reports.

The recommendations addressed to DG EuropeAid stressed the need to improve document management by beneficiaries and the quality of expenditure checks by external auditors, and to continue enhancing the management of contract awarding procedures, notably by setting out clear selection criteria. The ECA also prompted DG EuropeAid to ensure that recovery orders in respect of interest on pre-financing are issued annually, and applies a consistent and robust methodology in order to calculate the residual error rate (RER).

In this context, the measures taken - in the framework of the action plan designed to tackle the weaknesses in the implementation of its control system - refer to the existing training on procurement and grants to be revised, in order to reinforce financial and operational aspects, the guidance/instructions on filing and documentation issues to be further improved, the enhancement of the quality and effectiveness of audits and verifications carried out by beneficiaries, and the issuance of relevant recovery orders for all amounts not recovered.

The ECA also issued four special reports (also called 'performance audits') related to DG EuropeAid in 2013:

- 4/2013: EU cooperation with Egypt in the field of governance;
- 9/2013: EU support for governance in the Democratic Republic of the Congo;
- 14/2013: EU climate finance in the context of external aid;
- 17/2013: European Union direct financial support to the Palestinian authority.

As regards cooperation with Egypt in the field of governance, the ECA mainly pointed out the necessity to accelerate the progress made in the field of public finance management and support to anti-corruption following the uprising while strengthening the management of the Budget Support provision allocated to Egypt, notably by revising the conditions for eligibility. The Commission, jointly with the EEAS, remain committed to keep these issues as key priorities for the 2014-2020 financial framework during negotiations of the new action plan with the Egyptian authorities, and the criteria of eligibility as set out by the new Guidelines on Budget Support have already been applied to Budget Support operations in the country.

On the support for governance in DRC Congo, it was considered to be relevant to the needs but achieving limited overall results; furthermore, the ECA concluded that the risks of engagement were not adequately addressed. Consequently, it called upon the Commission to focus objectives on a number of priorities, to assess the potential impact of the main risks to the achievement of programme objectives (which are principles that the Commission already applies), and to systematically consider the need to support the fight against fraud and corruption. Nonetheless, DG EuropeAid disagreed with the recommendations requesting the Commission to strengthen the use of strict conditionality and to establish measures to prevent or mitigate the risks, as it believes that the high risk level due to the fragility of the country has been properly taken into account for the definition and implementation of programmes.

With regards to the audit on EU climate finance, the ECA asked the Commission to report on the extent to which the target of spending 20 % of the EU budget and EDF between 2014 and 2020 on climate-related action is implemented in development aid, specifying what has been committed and disbursed: data on climate relevant commitments will actually be included in the DG EuropeAid 2013 Annual Report on a

devco\_aar\_2013

test basis and in the next Annual Report, based on improved tracking system.

Lastly, the report on direct financial support to the Palestinian authority acknowledges that it has produced successful results in spite of difficult circumstances, underlining that the financial procedures put in place to check the eligibility of its beneficiaries are sound and robust. The Commission has already implemented some of the recommendations in order to improve the delivery of EU aid to Palestine through the PEGASE programme - such as reducing the costs of administering the programme by using competitive tendering for contracts relating to its management and control - and is in the process of implementing others, notably the introduction of performance indicators and the improvement of the programming process, moving to a two-year cycle for the development part of its financial assistance.

Furthermore, three recommendations stemming from previous audits and classified as 'very important' were implemented. Two of them related to improvements in the management of the contract awarding process and the supervision of grant contracts through a "lesson-learnt" process for the errors detected by the ECA and a revision of the DG EuropeAid Practical Guide to contracts. The third one, on banking measures in the Mediterranean area in the context of the end of the MEDA programme and the launch of the ENPI, has been fulfilled through the signing of an adequate management agreement between the Commission and the European Investment Bank. By the close of 2013, two other 'very important' recommendations still have to be implemented by DG EuropeAid.

## **Conclusion**

Significant progress was again achieved in 2013 in the implementation of past audit recommendations, in particular as regards internal audits. Nonetheless, in terms of 'very important' recommendations, three issued by the IAS, two issued by the IAC and two issued by the ECA remain to be fully and effectively implemented.

### 3. ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

The Commission has adopted a set of internal control standards, based on international good practice, aimed to ensure the achievement of policy and operational objectives. In addition, as regards financial management, compliance with these standards is a compulsory requirement.

DG EuropeAid has put in place the organisational structure and the internal control systems suited to the achievement of the policy and control objectives, in accordance with the standards, and having due regard to the risks associated with the environment in which it operates.

#### 3.1 General risk environment

The operational environment of external aid financed by the EU Budget and the EDFs is characterised by:

- geographically dispersed activities (covering more than 150 states/territories/regions);
- a high number of operations and associated financial transactions;
- the diversity of implementing organisations and partner countries with their diverse management and control capacities (ranging from small local NGOs to international organisations e.g. the United Nations);
- seven different cooperation instruments<sup>96</sup> each with their own comprehensive financial rules;
- a diversity of aid delivery methods (traditional projects, budgetary support, sectoral policy support programmes, contributions to global instruments, blending etc.);
- a high level of risk in the 'developing country' context due to the geo-political, social, institutional and administrative environment frequently associated with instability.

Given this high-risk environment (in relation to sound financial management / legality

---

<sup>96</sup> European Neighbourhood and Partnership Instrument; Development Cooperation Financing Instrument; Financing Instrument for the Promotion of Democracy and Human Rights worldwide; Instrument for Stability; Instrument for Nuclear Safety Cooperation; Facility for Rapid Response to soaring Food Prices in developing countries; European Development Fund(s).

and regularity objectives), it is clear that systems need to anticipate a significant occurrence of potential error in transactions and build in a high level of prevention, detection and correction controls as early as possible in the payment process. This means in practice that - unlike a number of other Commission DGs whose primary control mechanism is ex-post audit and that seek to recover funds *after* payment if problems are found - DG EuropeAid's control architecture places most reliance on ex-ante checks by both external auditors and Commission staff in the field *before* final project payments are made. DG EuropeAid therefore performs a high level of ex-ante control both in terms of the coverage and in the nature of these controls, going well beyond the financial safeguards required by legislation.

Other ways in which DG EuropeAid mitigates the level of risk in its external aid environment include the design of cooperation instruments (tailored to local circumstances and specific needs); the use of different management systems (on the basis of the management capacity of the partner state or other implementing organisations); and rigorous procedures for the selection of implementing partners. In addition, DG EuropeAid provides substantial training opportunities, Headquarter/Delegation support and well documented guidance (including via internet).

### 3.2 Internal Control Standards (ICS)

The Commission has adopted a set of internal control standards (ICS), based on international good practice, aimed to ensure the achievement of policy and operational objectives. In addition, as regards financial management, compliance with these standards is a compulsory requirement.

DG EuropeAid has put in place the organisational structure and the internal control systems suited to the achievement of the policy and control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which it operates.

#### ➤ *ICS in Headquarters*

In order to monitor the compliance with ICS, DG EuropeAid carried out a desk review with relevant Headquarter units. The latter were asked to comment on the conformity with the baseline requirements as defined by the central Commission services and, wherever possible, to also cover the situation in Delegations. The result was that the vast majority of requirements were effectively implemented, with the following exceptions for which the implementation was partially achieved (see Annex 11):

- Requirement 4.3: DG EuropeAid's staff training is based on its 2011-2012 Learning and Development Framework (LDF). A draft 2013-2020 Learning Strategy has been prepared in 2012, but was put on hold in order to issue a combined Learning & Knowledge Management Strategy. In late 2013 it was



decided to draft simultaneously a multi-annual implementation plan and to present both documents for approval to management during the first trimester of 2014. The combined strategy, together with a multi-annual implementation plan, will be presented for approval to management during the first trimester of 2014.

- Requirements 7.4. and 7.5. concerning sensitive functions and derogations: lists of sensitive functions are updated regularly and mobility rules are applied, except in exceptional circumstances. Following a management decision, a list of staff on sensitive functions is being established and will be adopted in the course of 2014. Appropriate actions, including corrective measures and granting of the necessary derogations, will be carried out once the review of staff occupying sensitive functions is finalised.
- As for 2012, requirement 8.4. was implemented in 2013 for financial and contractual deviations.
- Requirements 11.1. and 11.2. concerning document management: The implementation of ICS 11 in Delegations is a joint exercise with the EEAS which cannot be fully assessed from Headquarters, but which needs the internal self-assessment of each Delegation concerned. Although substantial progress has been made in the last years in terms of registration and filing with the systems available in Delegations (Delores and Adonis), full compliance with the ICS requirement cannot be fully and effectively achieved before the migration of all Delegations to ARES. Counting on the contributions by the EEAS, the SG and DG DIGIT, it is planned that all Delegations shall migrate to ARES by 2015. Systematic filing of documents in ARES is still not fully implemented. As of 31/12/2013 the filing rate in ARES was 86% (71% as of 31/12/2012). This figure shows a good progression, but is still below the Commission average (89%). A series of awareness raising and training actions, together with a systematic statistical follow-up with all DG EuropeAid departments, launched in 2013, have significantly contributed to the improvement. These actions need to be maintained in order to achieve full implementation.
- Requirement 16.4: Further to the restructuring, the Court of Auditors has considered the IAC ineffective, mainly due to the lack of audit skills of the majority of its staff members. The reinforcement gained in October 2012 was neither sufficient nor adequate to reach the required effectiveness as regards audit skills. A certified auditor has been recruited and will take duties on 16 January 2014, but during the year 2013 (reference year for this exercise), there still was no certified auditor in the unit.

In relation to the effectiveness of ICS implementation, DG EuropeAid carried out a survey with Heads of Units, Directors, Deputy Directors-General and the Director-General asking 56 questions grouped around the 16 ICS.

- The overall results of the ICS 'effectiveness' management survey in Headquarters show that 80% of the respondents assess control measures in DG EuropeAid as effective and confirm the generally satisfactory perception of management of the functioning of the internal control system (slightly higher percentage as in 2012, when it was at 79%).
- The ICS which achieved the highest effectiveness assessments across the organisation were ICS 13 'Accounting and Financial Reporting' (96%, same as 2012), ICS 10 Business Continuity (91%, 2012: 88%), ICS 16 'Internal Audit Capability' (91%, same as in 2012), ICS 1 'Mission' (90%, 2012: 81%) and ICS 2 'Ethical and Organisational Values' (90%, 2012: 92%). At the other end of the scale, ICS 3 'Staff Allocation and Mobility' achieved - as in previous years - the lowest effectiveness rating at 51%, up from 43% in 2012. The next lowest scores of positive assessments was achieved by ICS 14 'Evaluation of Activities ' (68%, 2012: 79%) and 6 'Risk Management Process' (70%, 2012: 64%).
- While 44% of the responding DG EuropeAid Directors considered the measures taken on ICS 3 'Staff Allocation and Mobility' to be effective in 2013, this is the case for 52% of the responding Heads of Unit. This remains the Internal Control Standard which DG EuropeAid's management has judged to be least effective over some years.

### ➤ *ICS in Delegations*

For Delegations the compulsory questions relating to ICS in the External Assistance Management Reports (EAMR) provide information on compliance and assessment.

In the 2013 External Assistance Management Reports (EAMR) Delegations were for the first time obliged to give feedback about all 16 ICS. The ICS for which problems were encountered most frequently were ICS 3 'Staff Allocation and Mobility' and ICS 11 'Document Management'. These were referred to by 20 and 23 Delegations, respectively.

Regarding 'Staff Allocation and Mobility', Delegations stressed the general imbalance between the available staff and the expected performance outputs highlighting that the significant downsizing of teams - in certain cases as a result of the Workload Assessment performed in Delegations -; the reduced staff mobility and the delays in the recruitment and assignment of tasks is affecting the quality of the work performed. In certain Delegations job descriptions and corresponding objectives are not drafted, approved or updated for all staff. In addition, security matters and the deepening of social, economic and political crises in some countries makes it extremely complex to deal with all matters related to local and international staff recruitment and management, leading to a serious lack of capacity, namely in situations where the portfolio and budget are increasing. Delegations emphasised the need for a more timely guidance from Headquarters to more expeditious, flexible and transparent procedures regarding

recruitments and replacements.

In relation to Document Management Delegations underlined that progress is needed regarding physical space for archives, documents and back-up tapes management and paperless administration. The non-availability of ARES or the fact that the Delores filing system was not fully implemented or not extended to all sections in some Delegations also raised difficulties in implementing the ICS. Also, temporary facilities do not allow document management according to standards and some premises do not assure the proper protection of documents. Some delegations failed to update the document filing plan, face poor IT infrastructure and feel that more guidance and training is needed.

Two ICS were prioritised for the 2013 Management Plan: ICS 3 and ICS 9. A number of actions to improve the implementation of these standards were taken in 2013.

➤ ***Actions relating to ICS 3 (Staff Allocation and Mobility)***

With the reorganisation of EuropeAid on 1.1.2013 and the implicit redistribution of tasks, some job descriptions have been rewritten. Job descriptions are regularly updated according to unit's needs, recruitments and changes in tasks. Quality checks are performed before approval. At request of DG HR, reviews of selected job descriptions are also performed. Job description models for DG EuropeAid are available in Sysper2 under the title "Generic functions libraries".

DG EuropeAid publishes vacant posts in Sysper2 as needs arise. It also publishes posts on its intranet. Like previous years, mobility was broadly reduced by the mandatory reintegration of staff returning from delegations and the forced staff cuts for the purposes of redeployment decided at the corporate level.

As regards postings for officials in Delegations, there is a yearly rotation exercise in the framework of Decision C(2012)7200 on management of resources in Delegations.

To reduce the loss of institutional memory, efforts have continued to ensure a correct handover of all staff leaving DG EuropeAid. DG EuropeAid continued to run a one-day introduction and training course about the DG and development cooperation approaches for all new staff, while particularly targeting the needs for contractual agents. DG EuropeAid also has a formal tutoring (mandatory) and mentoring (on a voluntary basis) scheme. Effectiveness of the existing measures supporting the integration of new staff is reviewed through a survey addressed to the newcomers and (planned) to the tutors. Feedback will be used to improve the newcomers' integration. As of end 2012 EuropeAid Senior Management is regularly meeting newcomers to present the vision of the DG.

A specific welcome session was organised in September 2013 for the colleagues returning from Delegations to be re-integrated in HQ.

➤ ***Actions relating to ICS 9 (Management Supervision)***

The DG EuropeAid organigramme was revised to take account of the specific supervision needs. For instance, a second Directorate dealing with Africa was set up to implement the orientations of the agenda for change and adapt to the decisions that followed the work load assessments in Delegations. A work load assessment in the Headquarter was launched in July 2013 and is planned to be completed in the first half of 2014. Depending on the results further changes aiming at improved management supervision may have to be envisaged.

In December 2013 DG EuropeAid launched an exercise aiming at the simplification of EuropeAid processes in order to render them more efficient and more effective. This project will include making the working relationships between Headquarters and Delegations run as smoothly as possible with an expected positive impact on

management supervision. This initiative is one of the measures EuropeAid is taking to absorb the staff cuts planned for the years ahead and minimize as much as possible their impacts. The project is related to a contract ending in October 2014.

The revision of the EAMR reporting system led, via increased compulsory reporting, the streamlining of the key performance indicator system and the introduction of the assurance by Heads of Delegations to a clearer picture on how and in what respect to supervise staff in Delegations. Weekly management meetings remained a key tool to supervise and monitor activities. The dissemination of their results was improved through the introduction of a flash-info published shortly after the meetings on the intranet.

Concerning the reporting on OLAF cases, management supervision continued in the established and necessary way: a monthly report on developments concerning EuropeAid's OLAF cases was sent to the Commissioner. The report lists those cases which OLAF evaluated, dismissed or closed, with or without follow-up during the month under review, including a description and, if applicable, the recommendations made by OLAF. The cases concerned are 'external' cases, i.e. cases in which persons/entities outside the EU Institutions are involved. Internal cases, where staff of the EU institutions is involved, are listed in three-monthly reports to the Commissioner's Cabinet. For each case a so-called 'standard fiche' was drawn up which contains the relevant case details.

On the basis of the results of the annual self-assessment on the effectiveness of internal control, 44% of Directors and 52% of Heads of Unit consider the measures taken on ICS 3 to be effective in 2013, while 84% of Directors and 83% of Heads of Unit believe that the measures on ICS 9 were effective in 2013.

Given the actions described above, it is possible to conclude that useful steps have been taken to ensure the compliance with the priority standards.

### ➤ *Following up the reservation issued in the 2012 Annual Activity Report*

DG EuropeAid drew up a comprehensive action plan addressing the issues identified by either the control bodies of the RER study. This analytical work has also allowed concluding that the weaknesses highlighted do not question the overall design of the supervisory and control system but that improvements should be made in some specific aspects linked to its implementation.

Actions already implemented or being implemented include:

- Awareness-raising through several regional seminars for Finance, Contract and Audit Units/Sections and operational staff - which are scheduled to take place again throughout 2014 -; specific events like the newly-created EuropeAid Days, meetings with Head of Delegations/Operations and other systematic discussions to explain the most recurrent types of errors and ways to prevent them.

- Steps are also being taken to raise the use and knowledge of the EuropeAid Financial Management Toolkit. It is planned to improve the access to this toolkit through a direct link in the EuropeAid e-Companion.
- Users' guides (on works, service and grant contracts) have been inserted in the newest version of the EuropeAid Companion and include answers to frequently asked questions explaining the most common types of errors. Trainings on audit of external operations are regularly delivered to the staff at both HQ and Delegations.
- DG EuropeAid is working on more practical training and guidance, including on filing and documentation issues (in particular with regards to tender procedures) through the reinforcement of specific, error-related aspects and using practical examples. The advanced training on the management of grants has been revised to include a third day meant to discuss the recurrent errors identified. This action is directly linked to Internal Control Standard 11 (Document Management).
- To improve the quality of external audits, the contract templates have been revised so that the Commission could have an influence on the choice of external auditors. The verification reports' main weaknesses have been analysed and quality grids will be designed to make it possible to assess their reliability and provide clear guidance in case of non-compliance.
- The EAMR has been thoroughly revised: its template now includes a summary of the corrective measures to any error identified, the Key Performance Indicators system has been revised with indicators easier to interpret and to be used by the Delegations; benchmarks have been developed.
- As regards the specific errors related to the work with international organisations, several meetings have already taken place on various errors - linked to both the European Court of Auditors and the Residual Error Rate study - for transactions they implemented, and on improving the timely exchange of information.
- Specific Terms of Reference for future verification missions conducted in IOs have been elaborated (for the UN agencies) or are about to be completed (World Bank).
- An extensive review of data quality in the CRIS data base as regards contracts (types, dates, payments deadlines... etc.) has been carried out during the period 2012-2013; another one is currently on-going and should end in the second quarter of 2014.
- Regarding the establishments of the reasons for the non-recovery of amounts due and the issuance of relevant recovery orders, HQ units and/or Delegations

have been contacted - for all errors with financial consequences identified during the 2012 RER study - and either a recovery order was issued or an explanatory note was attached in CRIS.

➤ **Conclusion**

While there is no direct numerical link between the self-assessments, EAMR and desk review on ICS and the impact on the overall effectiveness the results suggest that while some weaknesses have to be addressed the internal control system in place is working well overall. The management of human resources continues to be a particular challenge after the reorganisation of functions at Headquarters, new Headquarter responsibilities for the direct management of the external aid staff in the field, and the need to keep a workable modus operandi with the EEAS regarding the management of resources in Delegations.

Efforts have been undertaken to address the prioritised ICS.

DG EuropeAid considers that given the multi-annual nature of its control architecture and the need to take cost effectiveness into account, that controls were working well overall, and as intended, in 2013. Nevertheless, further improvements are possible, namely in the field of human resources and document management.

## 4. MANAGEMENT ASSURANCE

This section reviews the assessment of the elements reported in Parts 2 and 3 and draws conclusions supporting of the declaration of assurance and namely, whether it should be qualified with reservations.

### 4.1 Review of the elements supporting assurance

The information reported in Parts 2 and 3 stems from the results of management and auditor monitoring contained in the reports listed. These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Director-General of DG EuropeAid.

#### 4.1.1 Positive elements building assurance

##### *a) A reinforced accountability chain (EAMR/SDAO/AAR) and satisfactory KPI results*

The accountability and reporting chain in EuropeAid, the “Control Pyramid”, has been revised and consolidated in 2013, in line with recommendations made by the external auditors.

The global analysis of DG EuropeAid’s Key Performance Indicators (KPI) results in 2013 indicates a good overall performance with more than half of the total number of KPIs (14 KPIs out of the total of 26) having reached the benchmarks set for the year. As regards some of the 12 KPIs for which the target was not met in 2013, their results are not necessarily markers of underperformance as they have to be put in a more general perspective.

##### *b) A satisfactory coverage of expenditure by the control mechanisms*

The control instruments in place cover in a satisfactory manner the entire budget expenditure managed by DG EuropeAid. No part of the budget is left outside the control strategy.

As regards detective and corrective elements in the control strategy, external audits by the Commission and the recipients of funds cover a significant amount of the funding provided by DG EuropeAid. They contribute therefore substantially to assurance as regards both the legality and regularity of external aid and the sound and efficient management of the funds. Ex-ante transactional checks for 100% of payments add up as well to the assurance provided.



Moreover, preventive actions are in place, in the form of guidance and core training. This has been instigated with the aim of raising awareness and providing practical knowledge, both at the level of financial managers and beneficiaries, on the terms and conditions of sound and efficient use of financial resources, as well as legality and regularity of financial transactions.

Institutional compliance assessments provide reliable, overall positive elements of assurance concerning the capacity and reliability of the actors involved in DG EuropeAid funding at centralised, decentralised and shared management levels. The eligibility assessments for Budget Support also provide relevant input for assurance.

### ***c) A positive IAC opinion***

The Internal Audit Capability (IAC) expressed the opinion that, based on the results of the audits as described in the objectives and scope of the engagements carried out during 2013, the internal control system in place provides reasonable assurance regarding the achievement of the business objectives set up for the processes audited. Additionally, the DG EuropeAid internal auditor declared being unaware of anything not reported which could lead to a potential reservation in the Annual Activity Report.

### ***d) Confirmation of the soundness of the control system on the basis of the RER results and the analysis of errors found***

The 2013 RER study yielded an estimated RER above the materiality level of 2%. This finding has to be considered in the light of the elements provided by the overall control strategy. In this sense, the study has confirmed, as in 2012, that there are no major flaws in the design of the control system, but a limited number of error-related issues that are linked to the implementation of specific elements.

In the light of the results of the RER study and the analysis of past errors done through the three working groups set up by DG EuropeAid, the conclusion is that the main elements in the control strategy are operating in a satisfactory manner, even if improvements are possible and already being implemented in many cases. These elements do not compromise the overall soundness of the control system, even if they have effectively have an impact in its effectiveness, as assessed by the Court of Auditors.

This conclusion, which the Commission has stated in its reply to the Annual Report of the ECA for 2012, has not been contested.

### ***e) A satisfactory follow-up of audit results***

Weaknesses identified and recommendations from audits have been consistently addressed by DG EuropeAid during 2013. Significant progress was again achieved in

2013 in the implementation of past audit recommendations, in particular as regards internal audits.

***f) A decreasing number of fraud-related cases***

The number of on-going OLAF cases concerning DG EuropeAid has further decreased and is now at the lowest level of the past decade.

***g) An overall compliance with the Internal Control Standards***

The vast majority of requirements are considered to be implemented, with the exception of some partial elements of standards 4 and 7, and problems of compliance for standards 11 and 16, which are already being tackled (see below).

***4.1.2 Elements deserving attention and corrective measures taken***

***a) The Action Plan for addressing the weaknesses of the control system***

The Action Plan following the reservation issued for the 2012 AAR, and applied since September 2013 already addresses most of elements involved in materiality, even if actual results will need some time to fully materialise. However, the first results of the Action Plan are already visible in a number of areas, such as the relations with International Organisations or awareness raising activities.

By putting together conclusions and recommendations from several control sources (RER, external audits, audits from the IAS), the Action Plan is already coping with the main issues of concern identified and reported in this Annual Activity Report

***b) Compliance with the ICS***

As mentioned above, a number of issues of compliance with the ICS have deserved the attention of DG EuropeAid in 2013.

- As regards ICS 4 (Staff appraisal and development), measures have already been taken strategic training framework is developed at DG level based on needs deriving from the policy of the DG. The combined strategy, together with a multi-annual implementation plan, will be presented for approval to management during the first trimester of 2014.
- As regards ICS 7 (Operational structure), measures have also been taken to address the shortcomings. Following a management decision, a list of staff on sensitive functions is being established and will be adopted in the course of 2014. Appropriate actions, including corrective measures and granting of the necessary derogations, will be carried out once the review of staff occupying

sensitive functions is finalised.

- For ICS 11 (Document management) a number of measures are foreseen to prevent that document management issues have a negative impact on the regularity of operations, including those aspects linked to document management by beneficiaries. Two actions in the Action Plan address this issue.
- Regarding ICS 16 (Internal Audit Capability), the latter is consolidating its capacity to carry out properly its mission.

### **c) Reinforcing management assurance**

Despite the necessary improvement to be achieved in the execution, monitoring and follow-up of the annual audit plans, the KPI results are globally satisfactory and support the assurance provided by the Director General. Nevertheless, a specific action plan will be elaborated by DG EuropeAid in 2014 in order to address the weaknesses identified in the audit system.

### **4.1.3 Conclusion**

Taking all the above elements into account, reasonable assurance can be provided that:

- DG EuropeAid activities have been used for their intended purpose and in accordance with the principles of sound financial management,
- the overall control strategy guarantees the overall legality and regularity of the underlying transactions, in spite of specific effectiveness elements needing attention, and
- that appropriate measures have already been taken to tackle these specific issues and address the weaknesses identified.

However, the Residual Error Rate identified by the DG EuropeAid internal control system is above the established materiality level, and given the fact that this agrees with some of ECA findings, it seems relevant to renew the reservation in this regard. Since the design of the control systems is such that it does not differentiate by management mode and since the methodology of the RER study does not allow for the error rate to be confidently calculated for each ABB activity, the reservation has a general character. This reservation will set the basis for specific actions that will address and solve the issues at the root of these errors.

## **4.2 Reservations and overall conclusion on assurance**

No	Title	Type (Financial or Reputational)	2013 amount at risk (in € million )	ABB amount concerned i.e. scope (in € million)
----	-------	----------------------------------	-------------------------------------	------------------------------------------------

devco\_aar\_2013

1	All ABBs	Financial	228.55	6 822.528
---	----------	-----------	--------	-----------

### Reservation 1

<b>DG/service</b>	DG EuropeAid, Development and Co-operation Directorate-General
<b>Title of the reservation, including its scope</b>	Reservation concerning the error rate being above 2%.
<b>Domain</b>	Global figure for the DG.
<b>ABB activity and amount affected ("scope")</b>	All 14 ABB activities, as the RER study result is global and does not allow a conclusion on a representative error by ABB activity; total of 2013 payments is €6,822.528 million.
<b>Reason for the reservation</b>	Significant occurrence of errors in the underlying transactions (legality and regularity).
<b>Materiality criterion/criteria</b>	Legality and materiality criterion: The materiality criterion is the residual error rate, i.e. the level of errors which remain undetected and uncorrected by the end of the management cycle. The control objective is to ensure that the residual error rate on the overall population is below 2% at the end of the management cycle. As long as the residual error rate is not (yet) below 2% at the end of the reporting year a reservation should be made.
<b>Quantification of the impact (= actual exposure")</b>	The estimated amount at risk for the Community budget is calculated by multiplying the most likely estimate of the residual error rate (3.35%) by the value of payments made by DG EuropeAid in 2013. The estimated impact in 2013 is €228.55 million.
<b>Impact on the assurance</b>	Legality and regularity of the affected transactions. The assurance is affected within the scope of the quantified budgetary impact.
<b>Responsibility for the weakness</b>	Units/Delegations in charge of the respective contracts for which a residual error was found.
<b>Responsibility for the corrective action</b>	<p>An action plan has been drawn up following the 2012 reservation. This action plan is already being implemented and also addresses the current reservation. Main elements of the action plan include:</p> <ul style="list-style-type: none"> <li>• Awareness-raising through several regional seminars for Finance, Contract and Audit Units/Sections and operational staff - which are scheduled to take place again throughout 2014 -; specific events like the newly-created EuropeAid Days, meetings with Head of Delegations/Operations and other systematic discussions to explain the most recurrent types of errors and ways to prevent them.</li> <li>• Steps are also being taken to raise the use and knowledge of the EuropeAid Financial Management Toolkit. It is planned to improve the access to this toolkit through a direct link in the EuropeAid E-Companion.</li> <li>• Users' guides (on works, service and grant contracts) have been inserted in the newest version of the EuropeAid Companion and include answers to frequently asked questions explaining the most common types of errors. Trainings on audit of external operations are regularly delivered to the staff at both HQ and Delegations.</li> <li>• DG EuropeAid is working on more practical training and guidance, including on filing and documentation issues (in particular with regards to tender procedures) through the reinforcement of specific, error-related aspects and</li> </ul>

using practical examples. The advanced training on the management of grants has been revised to include a third day meant to discuss the recurrent errors identified.

- To improve the quality of external audits, the contract templates have been revised so that the Commission could have an influence on the choice of external auditors. The verification reports' main weaknesses have been analysed and quality grids will be designed to make it possible to assess their reliability and provide clear guidance in case of non-compliance.
- The EAMR has been thoroughly revised: its template now includes a summary of the corrective measures to any error identified, the Key Performance Indicators system has been revised with indicators easier to interpret and to be used by the Delegations; benchmarks have been developed.
- As regards the specific errors related to the work with international organisations, several meetings have already taken place on various errors - linked to both the European Court of Auditors and the Residual Error Rate study - for transactions they implemented, and on improving the timely exchange of information.
- Specific Terms of Reference for future verification missions conducted in IOs have been elaborated (for the UN agencies) or are about to be completed (World Bank).
- An extensive review of data quality in the CRIS data base as regards contracts (types, dates, payments deadlines... etc.) has been carried out during the period 2012-2013; another one is currently on-going and should end in the second quarter of 2014.
- Regarding the establishments of the reasons for the non-recovery of amounts due and the issuance of relevant recovery orders, HQ units and/or Delegations have been contacted - for all errors with financial consequences identified during the 2012 RER study - and either a recovery order was issued or an explanatory note was attached in CRIS.

## DECLARATION OF ASSURANCE

*I, the undersigned,*

*Director-General of the DG for Development and Cooperation – DG EuropeAid*

*In my capacity as authorising officer by delegation*

*Declare that the information contained in this report gives a true and fair view<sup>97</sup>.*

*State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.*

*This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the internal audit capability, the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.*

*Confirm that I am not aware of anything not reported here which could harm the interests of the institution.*

*However, the following reservations should be noted: Reservation concerning the error rate being above 2%.*

**Brussels, 31 March 2014**

**-signed-**

**Fernando Frutuoso de Melo**

---

<sup>97</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the service.