It is recognised today that we have the technological, financial and material resources to eliminate extreme poverty from our planet by 2030. There is no excuse not to do so.
<table>
<thead>
<tr>
<th>CONTENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Why we need an EU development and cooperation policy</td>
</tr>
<tr>
<td>More than the sum of its parts</td>
</tr>
<tr>
<td>How the EU goes about it</td>
</tr>
<tr>
<td>A customised approach</td>
</tr>
<tr>
<td>What the EU does</td>
</tr>
<tr>
<td>From words to action</td>
</tr>
<tr>
<td>Outlook</td>
</tr>
<tr>
<td>Living up to our ambitions</td>
</tr>
<tr>
<td>Find out more</td>
</tr>
</tbody>
</table>
The European Union (EU) and its Member States are the largest donors of official development assistance (ODA). Together, in 2013, they provided aid to the tune of €56.5 billion, which amounted to 52 % of the total global ODA donated during the year.

In 2013, the EU committed a substantial sum — €14.86 billion — to external development assistance. LOW-income and least developed countries were the principal beneficiaries.

The EU has a global presence in 140 countries, wide-ranging expertise and a unique credibility and neutrality when it comes to human rights, electoral observation, governance and crisis resolution. The EU programmes stretch over several years, thus mobilising long-term and predictable aid. Both are essential factors in achieving sustainability in development.

The EU plays a role in coordinating the actions of the different donors. Thanks to its supranational dimension, it can set ambitious joint objectives and map out comprehensive solutions to global development challenges. In the current economic climate, avoiding duplication makes more sense than ever. Finally, the EU has the critical weight to respond to global challenges.

The EU’s development activities are coordinated with its efforts in other fields, such as humanitarian aid, environment, security and trade policy.

**Solidarity at the heart of European construction**

Development cooperation has been part of the European integration process from the beginning. The Treaty of Rome (1957) provided for the creation of the European Development Fund to grant assistance to colonies and overseas territories. When decolonisation began in the early 1960s, Member States agreed to share part of the cost of supporting their former colonies following their independence. The policy was gradually extended to include more and more developing countries in Asia, Latin America and the European neighbourhood.

The year 2000 saw the signature of the far-reaching Cotonou Agreement between the EU and African, Caribbean and Pacific (ACP) countries. This trade and aid agreement is the most comprehensive partnership between ACP countries and the EU to date and was concluded for a 20-year period. It aims to work together to eradicate poverty and to help ACP countries integrate into the world economy.

Additional financial instruments, such as the Development Cooperation Instrument and the European Neighbourhood Instrument, allow the EU to pursue its work in other parts of the world.

Furthermore, in 2000, the EU committed itself to supporting the United Nations millennium development goals to reduce extreme poverty by 2015.

The Treaty of Lisbon has further strengthened the legal basis for EU development cooperation. It clearly states that the reduction and the eradication of poverty are the primary objectives of the Union’s development cooperation policy. This goal must be respected when the Union implements policies likely to affect developing countries. This implies also that development policy is a policy in its own right.
A key contribution to the millennium development goals

At the United Nations summit in 2000, the EU joined global leaders in their pledge to eradicate poverty by 2015. Eight millennium development goals were identified:

— eradicating extreme poverty and hunger;
— achieving universal primary education;
— promoting gender equality;
— reducing child mortality;
— improving maternal health;
— combating HIV/AIDS, malaria and other diseases;
— ensuring environmental sustainability;
— developing a global partnership.

Constantly striving for greater efficiency

The millennium development goals are at the heart of the European work on development cooperation and form its key objectives. Mobilising the necessary funding is part of the challenge of achieving these goals. To this end, the United Nations International Conference on Financing for Development was held in Monterrey, Mexico, in 2002, leading to the Monterrey consensus, in which heads of state or government committed to mobilise all sources of development finance (domestic and international, public and private), including by substantially stepping up development assistance.

Ever since, the EU has performed annual reviews of its collective contribution to developing countries.

‘Agenda for change’: the EU’s response to new challenges

To deliver on development objectives, the EU policies must keep up with a rapidly changing global environment. From the scarcity of natural resources to growth in emerging economies and consequences of the economic crisis, new challenges and opportunities require the EU to adapt its development cooperation.

The ‘Agenda for change’, adopted in 2011, is a strategy to reduce poverty by introducing key changes in the way EU assistance is delivered. These include the following changes.

• Differentiation: a double-focused approach of granting aid in countries where development aid can have the greatest impact and where aid is needed most. The most efficient type of support should be defined, based on the situation of each country.

• Focusing EU activities on a maximum of three sectors per country.
• Improving EU coordination for better development impact and results.

• Emphasising human rights, democracy and good governance, drawing on lessons learnt from recent changes in north Africa and the Middle East.

• Increasing support for inclusive and sustainable growth by engaging more actively in strategic sectors such as agriculture and energy, and promoting private sector development.

• Maximising policy coherence to ensure that development aspects are taken into account in all areas of EU action. This will enable the EU to address the link between development and trade, for instance.

**High hopes, high stakes**

While the proportion of people living in extreme poverty in developing countries dropped from 46 to 27% between 1990 and 2005, around 1.2 billion people worldwide still live below the internationally defined poverty line of $1.25 a day. These figures highlight both the encouraging progress achieved and the scale of the challenges that still lie ahead.

More than a decade after the adoption of the millennium development goals, many countries have emerged out of poverty and conflict. Some of them have become responsible international donors and dynamic economies. Unfortunately, many have also slipped back into deeper poverty, conflict and insecurity and some still deny basic human rights to their citizens.

Poverty is not the only issue at stake. Recent uprisings, especially in the Mediterranean area, have highlighted that development must go hand-in-hand with defending human rights and freedoms. The EU is integrating these issues into all aspects of its development policy.

The EU pays specific attention to the most vulnerable countries. Nearly half of its development aid goes to fragile states. In crisis-prone countries, home to the world’s most vulnerable populations, aid will be increasingly geared towards peace-building and state-building to improve its quality and maximise impact. In post-crisis situations, after conflicts or natural disasters, all donors will be encouraged to ensure a smooth transition from humanitarian aid to sustainable development aid and to improve coordination to help bring stability. The EU is a key partner in this ‘new deal’ for fragile states.

**Integrated action to lift people out of poverty**

Development policy is linked to major global issues that the EU is working on with its partners. From climate change and security concerns, such as terrorism or human trafficking, to migration and energy security: development cooperation can make a positive contribution to the EU’s action in the world.

Working with developing nations also plays a role in achieving the growth objectives the EU has set for the coming years. Working in partnership with developing countries and emerging economies fosters smart, sustainable and inclusive growth, in line with its Europe 2020 strategy. Boosting prosperity and promoting open and fair markets worldwide creates a win-win situation in which both the partner countries and the EU reap economic benefits.

Efficient spending is vital. The EU aims to make the best use of available funds through coordinated EU action.
How the EU goes about it

A customised approach

The EU combines different strategies to deliver aid to countries in need. The aid is mainly made available through projects, grants and contracts but also through sector and budget support.

- **Projects, grants and contracts**
  A project is a series of activities carried out to reach specific objectives within a defined time period and budget. Grants are direct financial contributions to organisations or to projects run by them. Grants are attributed to the best candidates through calls for proposals. Contracts are awarded through tender procedures to purchase services, supplies or works.

- **Budget support**
  Budget support involves financial transfers to the national treasury of the partner country, combined with intense policy dialogue. It also entails measures to assess and improve the impact of these funds. Based on partnerships and mutual responsibility, budget support is an important tool to finance partner country development strategies. Aid delivery is adapted to the needs identified by a given country and strong emphasis is put on nationally owned strategies.

To benefit from budget support, countries must show commitment to human rights, democracy and rule of law, and fulfil rigorous criteria, including public financial management.

- **Sector support**
  A large part of the development funding made available by the EU targets specific sectors in partner countries such as energy, agriculture or education. Sectors are supported by giving a financial boost to programmes run by the partner countries. Funding can translate into sector budget support, grants and contracts or pool resources from different donors.
A horizontal and a vertical approach

The EU’s development funding mechanisms can have either a geographical or a thematic scope. For the years 2014–20, three geographic and three thematic instruments define where and how the money is spent.

The bulk of development funding comes from geographical instruments.

- The European Development Fund is the main instrument providing aid to African, Caribbean and Pacific (ACP) countries and overseas countries and territories.

  • The Development Cooperation Instrument covers cooperation with Latin America, Asia, central Asia, the Middle East and southern Africa. It encompasses five thematic programmes addressing global challenges: environmental protection, the role of non-state actors, food security, migration, and human and social development.

  • Finance for cooperation with the other neighbouring countries is provided through the European Neighbourhood Instrument.

These tools are complemented by instruments with a thematic focus, open to all developing countries.

- The European Instrument for Democracy and Human Rights aims to protect human rights and basic freedoms and to promote democracy and the rule of law.

- The instrument contributing to stability and peace strengthens security in crisis situations and supports the transition to stability in their aftermath.

- The Instrument for Nuclear Safety Cooperation promotes nuclear safety, radiation protection and emergency preparedness.

The EU’s thematic programmes encourage the participation of civil society organisations and local authorities in development cooperation.

Better, faster, more: aid and development effectiveness

The European consensus on development sets out a framework of common principles which allow the EU and its member countries to implement development policies in a spirit of complementarity and efficiency.

The EU monitors the quality of aid using concrete targets agreed internationally in the Paris Declaration (2005), the Accra Agenda for Action (2008) and revised by the Busan high-level forum, which created the Partnership for Effective Development Cooperation (2011).

As a member of the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD–DAC), the EU has been active in international forums to improve the impact of development cooperation. It has set ambitious targets to increase the effectiveness of global development assistance and reformed the way it delivers aid to meet those targets.

The Fourth High-Level Forum on Aid Effectiveness in 2011 in Busan, South Korea, marked a turning point for global development cooperation. Participants from over 160 governments, as well as from international organisations, civil society and the private sector, agreed on a number of principles, goals and commitments to achieve greater effectiveness in development cooperation, moving from an ‘aid only’ focus to a more comprehensive approach including all development actors.

The EU decided to focus its immediate collective follow-up actions on two initiatives.

- The EU Transparency Guarantee aims to provide internationally comparable information on aid which is up to date and easy to access. In order to achieve this, the European Commission and a number of EU countries are already implementing the globally agreed common standard for publication of aid information, making available detailed timely information on where and how aid is spent.
Joint programming aims at giving a joint European response to a partner country’s development plan, including through division of labour. The EU and its member countries define together which donor works in which sector, leading to more effectiveness and improved results. The EU takes on the role of coordinator and facilitator. The EU has started joint programming in more than 20 countries and is planning to implement it in about 40 partner countries, thereby covering more than 60% of country programmable aid managed by EU institutions.

The next step in this international process is the first high-level meeting of the Global Partnership for Effective Development Cooperation in Mexico in April 2014, which will review progress on commitments and aim to address challenges and accelerate implementation.

The EU’s development policy and its member countries’ bilateral cooperation with developing countries reinforce each other. Many other EU policies have an impact on developing countries and are therefore coordinated with development policy.

The Commission’s Directorate-General for Development and Cooperation — EuropeAid is responsible for defining the EU’s development cooperation policy and for implementing aid in partner countries. To strengthen coherence between external relations and development cooperation, the European External Action Service (EEAS) strives to bring all its policies and actions in line with the development objectives.

The EU operates 140 delegations and offices around the world. They manage development and cooperation programmes while representing the EU in their host countries. Following a conflict or a natural disaster, for instance, the local EU delegation can readjust aid priorities and respond to urgent needs.

In defining policies, delivering and monitoring assistance, the EU works with international organisations whose networks and expertise complement its resources. Key bodies and groupings include the United Nations, the OECD, the World Bank, the G8 and the G20. Through regular dialogue and contacts, the EU engages other important traditional donors (e.g. United States, Japan and Korea) and, increasingly, emerging economies.

The role of civil society

Civil society is a key partner of donors in developing countries. Non-state actors can, for instance, include non-governmental organisations (NGOs), professional associations, social partners, universities or the media. They are usually close to local communities and can help donors to respond to people’s needs. Hence, they increasingly take on more responsibility in shaping strategies and programming.

A stronger role of civil society in development helps improving local ownership.
As the 2015 deadline for attaining the millennium development goals approaches, their state of play provides a clear indication on the scale and pace of development achieved over the last 12 years.

According to a United Nations report from July 2012, several key targets have already been met:

- extreme poverty has been reduced by half and is falling across all regions;
- the proportion of people without access to improved sources of water has been halved;
- the lives of over 200 million slum dwellers — twice the 2020 target — have improved;
- primary school enrolment of girls now equals that of boys;
- progress in reducing child and maternal mortality rates is gathering speed.

The EU’s contribution to the results achieved is significant. From investments in health, education or road infrastructure to funding agriculture, its support produced tangible progress. Since 2000, EU support contributed to enrolling over 13 million children in primary education and providing immunisation against measles to over 18 million children. EU development aid was instrumental in giving access to water and sanitation to millions of households. As some goals, including hunger and sanitation, still remain off track, in September 2011 the EU decided to allocate an additional €1 billion to support progress on these objectives in most off-track countries of the ACP group.

Together with its member countries, the EU is the biggest donor in energy worldwide and has already helped millions of people to gain access to sustainable energy. The EU is also the largest contributor of climate-related financing to developing countries. Its support helps to protect biodiversity worldwide, protect countries against natural disasters and improve forest protection by, for example, fighting against illegal logging.

Tailor-made support

The EU’s support is adapted to the needs of each specific area of development cooperation. It supports a number of programmes and initiatives that benefit regions rather than individual countries or sectors. Regional cooperation is effective for tackling challenges like climate change and trade which go beyond borders. Global initiatives with thematic coverage are implemented taking the specific local situations into account.

Four in five of the world’s least developed countries are ACP countries, most of them African. The lion’s share of EU funding for this region comes from the European Development Fund which made available a total of €22.7 billion for the 2008–13 period.

The Africa–EU strategic partnership provides the framework for cooperation between the two continents. In 2007, the partners agreed on a Joint Africa–EU strategy defining milestones for each sector. It is making an important contribution to the progress on the millennium development goals by setting out measurable targets and monitoring progress. For instance, European and African partners are pursuing a number of concrete goals to achieve reliable, secure, affordable and climate-friendly energy services for both continents by 2020.

A ‘food for work’ project operating in the Nairobi area, Kenya, provides water for livestock and crops.
Rapid development across Asia has led to a significant drop in poverty rates. Yet the region is still home to two thirds of the world’s poor. Therefore, a differentiated approach, which distinguishes between poor countries and emerging economies, is needed. In its relations with emerging economies, the EU is increasingly moving away from being an aid donor to the role of strategic partner. As such, it has played its part in the progress achieved. An indicative amount of €775 million was earmarked for regional cooperation with Asia during the 2007–13 period.

A focus on cooperation rather than aid also characterises the Union’s work with its neighbourhood. To strengthen prosperity, security and stability beyond the EU borders, the European neighbourhood policy provides assistance to neighbouring countries. Almost €12 billion were made available for this purpose during the 2007–13 period.

In response to the popular uprisings in the Mediterranean region, the EU has been implementing a new approach to support the demands for political participation and freedom. The EU is also a large contributor of aid to fragile countries (50 % of total EU aid). In emergencies, the priority is to address urgent needs while ensuring coherence between the humanitarian response and sustainable development.

The EU is the leading donor and second foreign investor in Latin America as well as its second most important trade partner. This partnership has been successful in achieving progress on the millennium development goals in the region, especially regarding access to primary education. The remaining challenges include inequalities, infrastructure deficits and access to drinking water. EU funding to Latin America represents an annual average amount of €500 million. The support focuses on social cohesion, regional integration, good governance and sustainable development.

Helping people help themselves

From food security and environmental challenges to social aspects and human rights, the EU intervenes where needed and where it can make a difference.

Democratic governance — This is one of the key priorities of development cooperation. In recent years, the EU has successfully combined policy dialogue with partner countries, sector-specific support and awareness-raising activities to improve governance. In 2010 alone, €1.5 billion from the development resources managed by the EU were channelled towards actions that support governance.

The EU was the biggest global donor in 2012. The overall amount in 2012 was slightly lower than in 2011, as aid increases in some EU countries were offset by crisis-induced decreases in others.
Agriculture and food security — The EU has made the eradication of poverty and of hunger a priority. It makes €600 million available every year to give people around the world access to basic food. This is supplementary to humanitarian food assistance given in crisis situations. More than 50 million people have benefited from the €1 billion EU Food Facility Fund, launched in 2009. The EU provided around 24 million people with seeds, tools, cash transfers and food during the 2004–10 period to help them move out of poverty. The productivity of smallholder farmers and the resilience of rural communities could be enhanced through the promotion of a sustainable agricultural model adapted to the reality of developing countries.

Trade — Trade has helped lift millions of people out of poverty in the last decade. The EU is the largest provider of aid for trade and has the world’s most open market to developing countries. The General System of Preferences allows reduced tariffs for goods from 176 developing countries and territories. The EU provides assistance to help ACP countries integrate into the world economy. Local economies and growth can be boosted through economic partnership agreements with the EU. These go beyond free-trade agreements by taking the socioeconomic context into account and by assisting countries with their implementation. While opening up EU markets, they allow ACP countries up to 25 years to open up to EU imports.

Water and energy — Since 2004, more than 70 million people in developing countries have been connected to drinking water and 24.5 million to sanitation facilities. EU water and sanitation programmes amount to almost €400 million per year. They help build infrastructure for drinking and wastewater systems and provide basic sanitation and hygiene.

As energy poverty remains a pressing global challenge, the EU is heavily investing in energy access, sustainability and security in developing countries. In 2010 alone, it committed a total of €319.49 million for energy generation and supply. These efforts are starting to pay off. In ACP countries, where the problem is most acute, 15 million beneficiaries were provided with access to modern energy services between 2007 and 2011.

Trade-led growth for countries most in need

To fully include the least developed countries in the international trading system, the EU pays special attention to their needs in its ‘Aid for trade’ strategy. These efforts have contributed to making a difference on the ground: between 2000 and 2008, the GDP per capita in these countries increased from $325 to over $625. In 2012, the EU tabled plans to enable the least developed countries to take full advantage of open markets. It will help them tackle trade barriers, meet international standards and upgrade their business environment.
Sustainable energy for all

Following the launch of the United Nations’ initiative to achieve sustainable energy for all, the EU made this goal a top priority for its development policy. A threefold objective has been set for 2030:

— universal access to modern energy services;
— doubling the rate of improvement in energy efficiency;
— doubling the share of renewable energy in the global energy mix.

At the EU Sustainable Energy for All Summit in 2012, President José Manuel Barroso announced that the EU would assist developing countries in providing energy access for an additional 500 million people by 2030.

Environment and natural resources — The poorest countries in the world are also the most vulnerable to environmental hazards, namely to the effects of climate change. They are hit hard by the depletion of natural resources. The EU is the strongest international advocate of sustainable development and has ratified all major multilateral environmental agreements. It is implementing a strategy to address the management of natural resources in its poverty reduction policies. This strategy contributed directly to ensuring environmental sustainability, which is one of the millennium development goals. Progress in this field includes a decreasing rate of deforestation, slum upgrades and better access to safe drinking water. The environmental challenges, however, remain high. For the 2011–13 period, around €517 million have been earmarked for the strategy.
A boost to food security in disaster-struck Haiti

Haiti is one of the poorest countries in the world. When it was hit by a massive earthquake, in January 2010, the disaster added to an ongoing food crisis. High import prices, combined with agricultural losses in the aftermath of several hurricanes, had had a devastating effect on food security.

This situation was improved thanks to an EU-funded project targeting 300,000 rural households in Haiti’s north-eastern province. Activities aimed to increase and diversify agriculture and to improve water management and aquaculture.

The initiative made a huge difference for the local population. The construction of 692 water tanks and 2,550 silos for grain conservation and the distribution of seeds greatly improved yields and livelihoods.

‘If there is a drought and you do not have a basin, you lose all the production,’ explains Gédéon Richè, a project beneficiary. ‘Thanks to the basin now the yield is good, I have vegetables to eat and this helps my family a lot.’

The project, implemented in partnership with the Food and Agriculture Organisation of the United Nations, received a total of €9.6 million in EU funding over the 2009–11 period.

Vital care for babies and their mothers in Kazakhstan

Following Kazakhstan’s independence in 1991, a reduction in public funding for health services led to a drop in quality. As a result, thousands of babies and small children die every year for want of adequate care, and maternal health remains a serious issue.

To improve the availability of high-quality prenatal and child care in the country, the EU decided to provide targeted help. It supported a project assisting the Kazakh Ministry of Health in developing a national strategy on maternal and child health. Families, communities and healthcare providers were included in the reform process which saw the introduction of guidelines for the most common conditions and their complications. Health providers received training and advice.

The approach proved effective. Maternal and child health services could be improved and made more efficient, and the capacity of healthcare services to improve them further was strengthened. The involvement of families and communities in improving mother and child health increased. ‘One of the many assets of integrated management of childhood illnesses is that it teaches us how to reduce the distance between doctor and patient,’ stresses Polina Slugina, a paediatrician working in the Osakarov district.

The millennium development goals of reducing child mortality and improving maternal health have yet to be reached in Kazakhstan.
Microfinance for Africa: small loans, big impact

Microfinance makes it easier for the poor to gain access to finance. To reach their full potential as an economic development tool for Africa, microfinance institutions need to upgrade their standards of risk management and transparency. The EU provided support to the Smartrac capacity-building programme to help African microfinance institutions improve their skills for managing and monitoring risks.

Smartrac stands for sustainability, management, accountability, risk, transparency, assurance and compliance. The programme aimed to improve access to credits by strengthening local microfinance services providers through the transfer of know-how. Risk management tools were made available to microfinance institutions and local service providers.

This undertaking was hugely successful. Around 700,000 low-income clients benefited from the services of the 12 supported microfinance institutions. The growth rate for the service providers which had received help ranged between 4% and 160%.

The project covered Angola, the Gambia, Ghana, Kenya, Malawi, Nigeria, Rwanda and Tanzania. The EU contributed €348,000 between 2006 and 2009. Cooperation between the European Union and ACP countries in the field of microfinance is currently covered by the ‘ACP/EU microfinance’ programme (2010–14). The partners work to develop inclusive financial systems adapted to the needs of the poor to foster growth and a better distribution of wealth.
The next 5 years will be crucial for international cooperation and development. One of the biggest challenges will be the negotiations on the universal post-2015 framework for poverty eradication and sustainable development. A new framework should provide for basic living standards, promote inclusive and sustainable growth, contribute to the sustainable management of our natural resources, ensure justice, equity and equality and take account of the special situation of countries in conflict and fragility. The EU will remain engaged in advocating an ambitious post-2015 framework and will ensure that EU priorities are reflected in all relevant forums.

Other main priorities include launching negotiations on a post-Cotonou Agreement between the EU and ACP countries and strengthening the EU’s strategic partnership with Africa. The EU will give high priority to the respect for human rights, good governance and gender equality in all dialogues and assistance programmes with partner countries and ensure that all EU policies are coherent with, and support, our international cooperation and development goals.

The year 2015 is a key year, being the final one in which to achieve the Millennium Development Goals (MDGs). It is also the year in which major international decisions are to be taken on the development framework for the next decades.

The year has therefore been designated as the European Year for Development (EDY2015). Under the motto ‘Our world, our dignity, our future’, the EU institutions and Member States, working together with civil organisations, will undertake activities aimed at informing the general public about the EU’s and the Member States’ development cooperation, as well as at encouraging critical thinking and involvement.
Find out more

- Capacity4dev.eu — connecting the development community: http://capacity4dev.ec.europa.eu
- Questions about the European Union? Europe Direct can help: 00 800 6 7 8 9 10 11 — http://europedirect.europa.eu