

DEPUTY DIRECTOR
DEVELOPMENT CO-OPERATION DIRECTORATE
Director's Office

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To: DAC Delegates and Observers

Belgium Mid-term Review, 6 March, Brussels

Dear Colleagues,

On 6 March, I visited Brussels to conduct the Belgium mid-term review, accompanied by Mags Gaynor of DCD. I would like to thank Mr Bruno van der Pluijm, Director General for Development Co-operation and all his staff for an excellent programme of meetings and discussions. I was very pleased to have the opportunity to meet Minister Alexander De Croo, members of the parliamentary committee for foreign relations, representatives from civil society and a wide range of senior staff from the Directorate-General for Development Cooperation and Humanitarian Aid (DGD) in the Ministry of Foreign Affairs, the Belgian Investment Company for Developing Countries (BIO) and the Belgian Development Agency (Enabel). All those we met openly shared their views on developments in Belgium since 2015, changes within the Belgian institutions responsible for development co-operation and how Belgium is addressing the 2015 DAC peer review recommendations.

While the main objective of the mid-term review was to focus on implementation of the DAC's recommendations, we also discussed changes in the national and international context, including:

- New policy priorities introduced by the current government for 2014-2019 including a stronger focus on private sector development, climate change, digital for development and human rights based approaches;
- A new international environment including the implications of Agenda 2030 and the associated Sustainable Development Goals for Belgium's development co-operation policy and systems;
- A more challenging political environment for a values-based agenda with increased attention on addressing migration, terrorism and humanitarian needs.

Overall, I was pleased to note that, against a background of reform, Belgium has addressed a number of the DAC's 2015 recommendations, in particular related to improving its humanitarian assistance, gender mainstreaming, partnerships with civil society, strategies for working in partner countries and fragile states, and approach to evaluation and results-based management.

Belgium's overall ODA volume continues to fall and remains unpredictable

I was disappointed to note that the budget cuts anticipated in the 2015 peer review have been implemented with a reduction in Belgium's ODA budgets managed by the Ministry of Foreign Affairs of EUR 400 million over 2015-2017, compared to the multi-annual projections announced in 2014. We heard that these cuts have been compounded by a recurrent shortfall in budget execution. While this was partially compensated by growth in ODA managed by other Ministries and regions, the overall percentage of ODA/GNI is likely to fall in 2017 and 2018 as fewer in-country refugee costs will be reported as ODA. On a more positive note, I was pleased to hear that there is broad support for development co-operation across parliament and among the Belgian public, and budget cuts have been managed in a way that has protected Belgium's priority policy areas. Nonetheless, the predictability of Belgium's total ODA is hampered by the relatively high proportion of the ODA budget (40%) which lies outside of the Ministry's budget, comprising regional funds, in-donor refugee costs and debt relief. With indications that ODA will get back on track after 2019, I encouraged Belgium to start planning for increased ODA volumes.

A whole-of-government approach is emerging under the framework of the Sustainable Development Goals

The 2015 peer review urged Belgium to strengthen its institutional arrangements for policy coherence across government and to identify a small number of priority issues where domestic and EU policies could undermine or underpin its development co-operation objectives. We heard that the process of producing a National Voluntary Review on the Sustainable Development Goals in 2017 increased coordination and collaboration across government. We also heard of a number of new institutional arrangements for climate change, migration and engagement in international financial institutions which provide more opportunity for input by the Ministry of Foreign Affairs. We note that the structures established for policy coherence discussions – the consultative council and the interdepartmental committee – are meeting regularly and identifying potential areas for further collaboration or joint approaches. Tensions over Belgium's position on whether ODA is a tool to address migration, for example, were discussed in these fora. We would encourage Belgium to build on these structures to put in place a systematic process for identifying and addressing policy tension across government which may impact on the effectiveness of its development co-operation.

Belgium remains committed to working with least developed countries and fragile states

Belgium has been a stalwart champion for least developed countries and consistently advocates for donors to allocate more of their ODA budgets to least developed countries. The Ministry allocates more than half of its country-programmable aid to least developed countries. However, Belgium as a whole has not yet managed to reach its target of allocating 50% of its bilateral ODA and at least 0.20% of its national income to least developed countries. Belgium's plans to diversify its financial instruments and partner more with the private sector will need careful stewardship to ensure that investments are directed to least developed countries and fragile states and, within those countries, to those left behind. Belgium will need to push ahead with some groundbreaking impact assessment work to prove that its policy priorities on least developed countries and private sector engagement are not incompatible.

New systems to strengthen coherence and coordination at country level have been introduced

A new generation of common country frameworks is being rolled out, reflecting the analysis and priorities of the Embassy, Enabel, BIO and NGO partners. These form the basis of Belgium's country strategies, which bring together governmental action on development co-operation by MFA, Enabel and BIO. Although the country framework provides a common analysis for all partners, the strategies will not yet include country-specific funding from HQ to NGOs, business or multilaterals, or the work of other Belgian ministries and regions. In addition, a comprehensive approach has been introduced to strengthen coordination and coherence across government for situations such as the Sahel where Belgium's engagement spans the spheres of development, security and diplomacy. While these developments are promising in many respects, it is still difficult to see Belgium's total footprint in each partner country. Information systems do not yet provide this information as a significant proportion of Belgium's ODA is channelled through pooled funds and part of the capital allocations to BIO which are not identifiable by country.

Belgium agrees its bilateral partnerships for development co-operation through treaties with host governments and engages in regular political dialogue. We heard that the volume of ODA being channelled through government and using government systems had decreased, and in some partner countries has discontinued entirely. Funds are increasingly channelled to other partners, including through recent Calls for Proposals in gender, private sector and digital for development. This shift changes the nature of bilateral partnerships and there has been some backlash from host governments. The longer term sustainability of Belgium's bilateral programmes and the essence of a partner country relationship will need continued consideration.

New procedures encourage flexibility, speed and learning from mistakes

The 2015 peer review found Belgium's programme and project management cycles to be slow, burdensome and inflexible. A number of measures have since been taken to address this. In particular, the new management contracts with Enabel and BIO allow for more delegated decision making within an overall strategic framework, as well as more flexibility to pursue partnerships with a more diverse set of implementing partners. Enabel can re-allocate up to 15% of its budget without prior approval and 10% can be kept for contingencies or to respond to new opportunities. A new instrument, FRAME, has been introduced to shift the internal culture from one of risk aversion to risk management. Maintaining this risk appetite and encouraging uptake of adaptive programming will be essential if Belgium is to spend half of its ODA in least developed countries and fragile states. As above, it will be important to monitor the impact of these measures and see if processes are indeed quicker and more responsive as a result.

Belgium has reduced the number of partnerships

Since 2015, Belgium has revised its list of partner countries and is in the process of exiting from six middle-income countries and setting up in two fragile states. This leads to an overall reduction from 18 to 14 partner countries. It has also reduced its multilateral partnerships from 20 to 15. The certification processes have reduced its non-governmental organisation (NGO) partnerships from 105 to 85. Combined with the introduction of a common strategic framework for its partner countries, this has contributed to a more focused approach.

Partnerships with civil society has evolved

More than a fifth of Belgium's bilateral ODA is channelled through Belgian and International NGOs. In response to the 2015 peer review recommendation to clarify the role of civil society, new legislation has been introduced backed up by formal dialogue structures and multi-annual funding agreements recognising the 'Right of Initiative' of civil society organisations. We heard from civil society representatives that while these developments were much appreciated, the indicative budgets set out in the partnership agreements for the five years 2017-2021 were revised downwards in 2017 and the actual amount only communicated in March of that year, and that similar measures were considered in 2018. This lack of predictability undermines the value of multi-annual agreements and has implications for both the recipient and their partners. While NGOs recognise the need for judicious use of Calls for Proposals to encourage innovation on specific issues, they felt that Belgium's limited human and financial resources should focus foremost on consolidating existing longer-term partnerships based on a shared common agenda.

NGOs also noted that the new funding and dialogue mechanisms were Belgian-focused and did not include partners from partner countries. Direct support from Belgium to local civil society was suspended following a negative audit. While guidelines for implementing partners require local partnerships and Enabel will be allowed to work directly with local civil society, it would appear timely for Belgium to see how to resume funding to local organisations in the light of its commitments under the Grand Bargain and the new common country frameworks.

Belgium is investing in evaluation and managing for results and has scope for more real-time learning

Throughout the day, we heard that Belgium is aware of the need to demonstrate results from its reforms and investments. Belgium has strengthened its results-based management systems and is embarking on a process to align its programmatic and corporate results with country-level results frameworks and the Sustainable Development Goals. The ministry has

undertaken a significant exercise to certify the results and evaluation systems of its implementing agencies and partners as “fit for purpose”.

Responding to recommendations of the 2015 peer review, Belgium has also taken a number of steps to ensure that management responses to evaluations are implemented and a new strand of impact evaluations has been initiated.

Nonetheless, we noted there has been much change over recent years without a clear evidence base underpinning the various reforms and innovations. Some innovations – such as humanitarian impact bonds, the decision to stop tax waivers in development co-operation agreements, the She Decides Initiative – have had a rapid and apparently positive impact. Others will need more time to bed down and, although underpinned by legislative changes, are vulnerable to being reversed by a new government. In order to sustain current reforms and innovations, we encouraged Belgium to invest in a process of action-based learning, capturing evidence on the real time effects of its institutional and programmatic innovations. This would include, among other issues, the impact of (i) the revised mandate of Enabel, formerly BTC; (ii) new financing and operational arrangements for BIO invest; (iii) new mechanisms for funding and partnering with civil society; (iv) phasing out development specialists as a stand-alone career path in MFA and (v) new contractual commitments to addressing poverty reduction.

Conclusion

Overall, I was pleased to hear of the significant progress which Belgium has made to address the DAC’s 2015 recommendations while responding to a new political agenda. The government is clearly committed to delivering results in least developed countries and fragile states. The next peer review will allow for a more in-depth examination of the impact of the reforms which have been introduced.

Finally, I wish to thank Bruno van der Pluijm and his team, including the Belgian OECD delegation, for helping to organise a most productive and enjoyable day of discussions in Brussels.

Yours sincerely,



Brenda Killen

CC: Ms. Charlotte Petri Gornitzka, DAC Chair
Mr. Jorge Moreira da Silva, Development Co-operation Directorate
Mr. Rahul Malhotra, Development Co-operation Directorate