



Development Co-operation Review

Belgium

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LIST OF ABBREVIATIONS

AGCD*	General Administration for Development Co-operation
APEFE*	Association for the promotion of education and training abroad
CFDD*	Federal Council for Sustainable Development
CIUF*	French-speaking community inter-university committee
CTB*	Coopération technique belge (public corporation)
BIO*	Belgian corporation for investment in the developing countries
DAC	Development Assistance Committee
DGCI*	General Directorate for International Co-operation
ECHO	European Community Humanitarian Office
EDF	European Development Fund
FAO	Food and Agriculture Organisation
FBS*	Belgian Survival Fund
GEF	Global Environment facility
GICD*	Inter-ministerial working party on development co-operation
GNP	Gross National Product
HIPC	Heavily indebted poor country
ICRC	International Committee of the Red Cross
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IMT*	Institute for Tropical Medicine
LLDC	Least developed country
NGO	Non-governmental organisation
OCHA	UN Office for the Co-ordination of Humanitarian Affairs
ODA	Official development assistance
OND*	Office national du Ducroire (National Ducroire Office)
PRIMA	Process Integrated Management
PRSP	Poverty Reduction Strategy Paper
SADC	Southern Africa Development Community
SMEs	Small and medium-sized enterprises

UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Fund
VLIR*	Flemish inter-university Council
VVOB*	Flemish association for development co-operation and technical assistance
WEF	World Environment Fund

*Original language acronym

Exchange rates (Belgian francs per US dollar)

1995	1996	1997	1998	1999	2000
29.4972	30.9755	35.7584	36.2976	37.8615	43.7727

Signs used:

BF	Belgian Franc
()	Secretariat estimate, either wholly or in part
-	Zero
0.0	Negligible
..	Not available
...	Not separately available, but included in the total
n.a.	Not applicable
P	Provisional

The figures being rounded, the totals do not always correspond to the sum of the parts.

Belgium aid at a glance

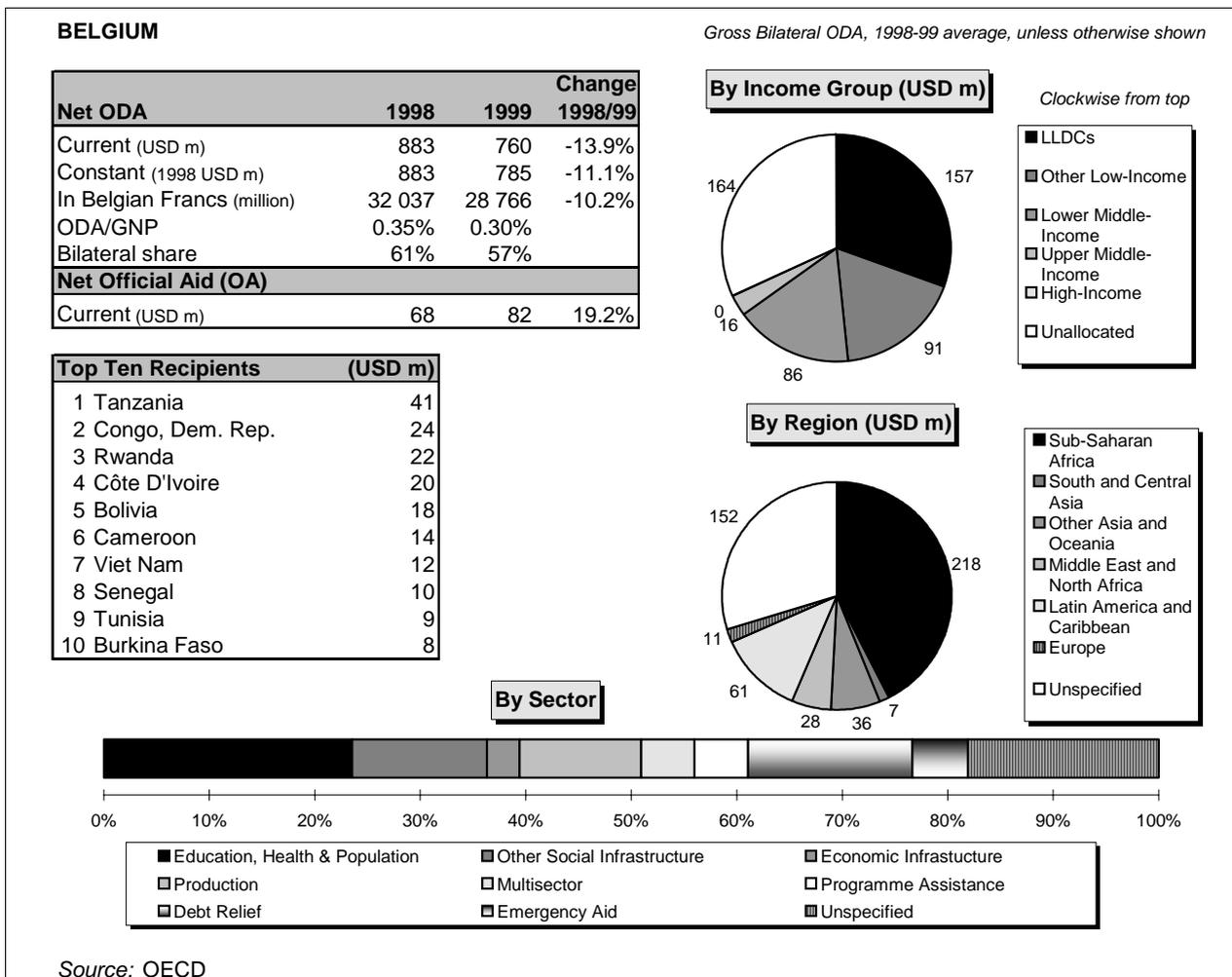


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DAC'S MAIN FINDINGS AND RECOMMENDATIONS

Reforms of the Belgian aid administration since 1997

Since the last review by the Development Assistance Committee (DAC) in September 1997, the Belgian aid system has undergone major legislative changes and sweeping administrative reforms:

- On 15 May 1999 the Chamber of Representatives passed a *Law on Belgian International Co-operation*. It introduced the notion of “international co-operation”, whose goal is defined as sustainable development, partnership and relevance to development. It further provided that bilateral co-operation should be concentrated on 25 countries (or regional country organisations), five sectors and three cross-cutting themes. Last, multilateral co-operation and indirect co-operation via non-governmental partners were further clarified.
- A public corporation - *Coopération technique belge* (CTB) - was set up in late 1998 to implement government-to-government co-operation, with its headquarters in Brussels. A corporation for promoting investments in developing countries, BIO, is to be established shortly. The policy-framing and planning function, in contrast, was entrusted to the *Direction générale de la coopération internationale* (DGCI)¹, in the Ministry of Foreign Affairs, Foreign Trade and International Co-operation. In addition, a new function of special evaluator was attached to the Secretary-General of the Ministry of Foreign Affairs, reporting directly to Parliament.

A further reform on the horizon: the devolution of responsibility for aid

The inner Cabinet of Ministers decided on 15 October 2000 to devolve further powers to the sub-national authorities by transferring responsibility for the co-operation budget (“defederalisation”). In principle, entire or partial responsibility for official development assistance (ODA), together with the related federal budget, would be transferred to the communities and regions in 2004.

The Belgian Senate has organised hearings on the matter, and for the moment opinions are still divided as to the timeliness of such a reform and its final impact. The DAC Secretariat was invited to attend a hearing on 20 March 2001. It emphasised that “defederalisation” would involve three main risks:

1. Most of the staff of the former *Administration générale de la coopération au développement* (AGCD) were transferred to the new DGCI.

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- It would undermine current efforts to reform aid administration and to achieve greater stability, continuity and institutional effectiveness, including reforms implemented as part of the broader reform process of the Belgian public administration.
- The internal consistency of the aid system as a whole, in terms of its relevance, effectiveness and efficiency, and of the strategic relations between its bilateral and multilateral components, would be diminished. The same would apply to the consistency between ODA and the other policies that have an impact on the developing countries.
- A purely Belgian approach to indirect co-operation would be reinforced to the detriment of the processes and dynamics under way in several partner countries, in particular via the Poverty Reduction Strategy Papers (PRSPs), sectoral approaches, budgetary and programme aid, etc.

This analysis is shared by the Development Assistance Committee.

Aid volume and outlook

In net disbursement terms, the volume of Belgium's official development assistance totalled USD 760 million in 1999, equivalent to 0.30% of gross national product (GNP). As a percentage of GNP Belgium ranks 11th among the DAC countries, while in absolute volume terms it ranks 15th. ODA in 1999, measured as a percentage of GNP, is the lowest-ever historical result. However, the Belgian authorities have the firm intention to reverse the trend. In 2000 Belgium's ODA rose to USD 812 million, or 0.36% of GNP. That figure ranked Belgium 6th among DAC Members. In the same year it was decided to increase the co-operation budget by a total of USD 365.5 million (at the 2000 exchange rate) over the next three years, 2001-2003. In spite of this encouraging trend, there is little hope that Belgian ODA will, over the medium term, reach the stated target of 0.7% of GNP.

Progress since the last review

Reforms: thrust and implementation

The recent reform process is part of the follow-up given by the federal government to the recommendations of the parliamentary monitoring commission set up in response to widespread public criticism of the relevance and effectiveness of Belgian aid. In 1997 the commission put forward a number of recommendations designed to clarify the objectives and basic principles of Belgian co-operation, enhance the management capacity of the aid administration and introduce a separation between policy-making and programme and project implementation. The new law on international co-operation and the measures taken since late 1998 are a response to the recommendations and to the thrust of international consensus on aid. The Ministry of Foreign Affairs and the State Secretary for Development Co-operation have maintained until now a separate budget for international co-operation in the Ministry. All these measures are an important step forward in the process of modernising Belgian aid.

Targeting of bilateral and multilateral aid

In 1998 and 1999 Belgium's bilateral assistance represented 62% and 59% respectively of the total volume of ODA. With regard to recipient countries, in the same years the proportion of Belgium's

bilateral ODA which went to the least developed countries (LLDCs) - 47% and 43% respectively - was well above the DAC average of 22%. Adding in the other low-income countries, the “targeting” of Belgium’s bilateral ODA on the poorest countries (73% and 68% respectively) was also well above the DAC average of 52%. That indicates a deliberate effort to concentrate ODA in terms of the relative poverty of recipient countries, first and foremost in sub-Saharan Africa.

ODA broke down, as between bilateral and multilateral assistance, at around 60-40% for the period 1998-99, a position that is likely to continue over the coming years. The proportion of multilateral aid is above the DAC average of 30%. Belgium has recently been seeking to refocus its multilateral action on a smaller number of international institutions. The Law of 25 May 1999 calls for multilateral co-operation to be concentrated on some 20 international organisations.

Poverty alleviation

For Belgium, combating poverty holds a central place in efforts to achieve sustainable development. Its reference to the political dimension of poverty highlights the close relation between the fundamental human needs and human rights. But elementary needs cannot be satisfied unless a number of preconditions are met. For this reason Belgium couples respect for the safety and freedom of men and women living in insecure circumstances due to war and social injustice with its priority aim of combating poverty. This goes hand in hand with special attention to the rights of children, who are the first victims of poverty and war. Combating poverty hence becomes a matter of redistribution and empowerment as well, in short a matter of rights. Belgium’s approach and the operational principles that it has defined take full account of DAC directives on the subject. The country strategy and sectoral papers are to take this priority into account and will be consistent with PRSP process.

Promotion of the private sector

Belgium recognises the key role of the local private sector, especially small and medium enterprises and micro-firms. As a result it has recently established a policy, a programme and appropriate instruments to promote the private sector in poor countries. Technical support in the form of grants or other non-recoverable contributions will usually be handled by CTB. But direct and indirect financial contributions, in the form of recoverable investment, will be handled through a corporation for promoting investment in developing countries, BIO, which is to be set up in 2001.

Challenges for the future

Consolidation of the current reforms

Further efforts are essential to consolidate the reforms under way and ensure greater stability, continuity and institutional effectiveness. In particular, the reforms necessitate the emergence of a new institutional culture in DGCI and close collaboration between it, CTB and the future BIO, as well as between DGCI and the co-operation attachés. For some DGCI staff, the challenge is to focus on the strategic aspects, to draw up CTB’s operational and administrative mandates, and to implement and monitor overall and sectoral policies. In contrast, for other departments and the staff of the Ministry of Foreign Affairs, the reform entails acceptance of the distinctive character of DGCI and development co-operation.

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“Defederalisation” of aid

The decision by the inner Cabinet of Ministers to devolve responsibility for aid is capable of disrupting the reforms in progress. However, the terms of the government statement are fairly ambiguous and lend themselves to a maximalist or minimalist interpretation. The exact division of responsibilities between the federal government, the communities and the regions has not been worked out in detail. There is thus room for manoeuvre in the discussions and negotiations between the various actors and partners. In this regard, the possibility of transfers of responsibility for aid from the federal government to the communities and regions, as indicated by the federal government in October 2000, causes concern to DAC Members, at a time when the international community is looking for increased policy consistency, better co-ordination and integration of strategies, and greater effectiveness in the field, and has resolved to take steps to strengthen these aspects of co-operation policy. It is hence important to ensure that the federal government does not lose all responsibility for bilateral aid, which should remain joint on grounds of credibility and coherence.

Policy coherence

The starting point for policy coherence is the government statement of July 1999 and the two policy memoranda prepared for the foreign policy and international co-operation sectors. The Council of Ministers is the highest forum for securing consistency in federal policy. For a number of years an inter-ministerial working party for development co-operation has been seeking to promote greater synergy between operations by individual federal ministries responsible for formulating and implementing policy and action impacting on the countries of the South. The Council of Ministers recently decided to reactivate this working party. The major challenge lies in the uncertainties surrounding the devolution of responsibility for bilateral aid which could result in greater dispersal of ODA, a lack of overall political and strategic unity, compartmentalised implementation and marginalisation of Belgian development workers in the field.

Combating poverty in practice

Belgium attaches undeniable priority to combating poverty, but there is still a long way to go in order to target aid more effectively and to anchor it in country and sectoral strategies. Similarly, it is essential to develop a system of monitoring and evaluation to determine whether international development objectives and specific targets have actually been achieved. Although the list of Belgian ODA recipients has been relatively stable, the geographical cover is very wide, with a tendency to dispersal. With relatively small volumes of ODA, it is hard for Belgium to play a major role in a particular country. The refocusing of bilateral aid on 25 priority countries and regions will call for determined efforts by the aid administration and attachés in the field. It will also entail the preparation of country strategies in conjunction with the governments concerned, involving civil society and in close co-ordination with other donors. A further challenge is to move progressively from a project approach to a sectoral approach.

Indirect co-operation

Historically, indirect bilateral co-operation has played an important part in Belgian ODA. The leading institutions here (NGOs, universities, research institutes, specialist agencies) have strong regional and community ties and exert significant influence on co-operation policy. There is an impressive number of recognised NGOs (134), which leads to dispersal of assistance, and raises management difficulties for DGCI, even though programme approaches encouraging NGOs to combine are being developed.

What is more, “defederalisation” is likely to cause greater dispersal of NGO operations inasmuch as the largest agencies, which have to date remained national ones, may be compelled to split up if official budgets are placed on a community basis. Some activities such as teaching, culture and the environment have in fact become the sole concern of the regions and communities. It is accordingly logical for specialist agencies in the regions and communities to be associated in carrying through Belgian development co-operation in their particular spheres. This form of co-operation offers the advantage of direct or closer co-operation between various institutional actors in Belgium and the South. But the clear risk is that it will promote a purely Belgian approach, placing emphasis on particular lines of strategy (for instance, university co-operation rather than support for basic education), with forms and content dictated primarily by the interests of the Belgian institutions. Despite its intrinsic high quality, this approach may well weaken the relevance, efficiency and effectiveness of Belgian ODA overall.

Results and performance

The reforms in the co-operation system established a special evaluator, outside the structure of DGCI in order to secure his independence. But there was no provision for any internal evaluation function within DGCI and CTB; as a result, the evaluation department that was part of the former AGCD studies and evaluation directorate was simply abolished. Yet a modern evaluation system should not be based exclusively on an independent unit. The lack of an internal evaluation unit makes it impossible to carry out any systematic monitoring and strategic control of the intermediate results of ongoing programmes and projects, including the extent to which they contribute to achieving international development objectives. The current evaluation system is too focused on the work of the special evaluator, who is invested with a formal power of appraisal which is not counterbalanced by more regular and systematic internal evaluation. Without corrective measures, it is highly likely that the objective of systematic dissemination of the results obtained and lessons learned, and appropriation of the evaluation by those in charge of projects and programmes, will not be achieved.

Recommendations

On the basis of these conclusions, the Development Assistance Committee recommends that Belgium should:

- Pursue its efforts to consolidate the current reforms and ensure greater stability, continuity and institutional effectiveness in DGCI and CTB.
- Maintain the principle of a separate budget for international co-operation within the Ministry of Foreign Affairs.
- Opt, in the event that the sharing of responsibility for Belgian aid is pursued, for a minimal approach ensuring that the federal administration retains the powers and resources, in co-operation matters, to secure consistency, effectiveness and impact in the field.
- Take advantage of any improvement in the budget situation to continue to increase the volume of aid and bring it progressively towards the government target of 0.7% of GNP.

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- Reaffirm the statutory priority for poverty alleviation as a fundamental objective and prepare country strategies on the basis of the PRSP process and the sectoral approach.
- Increase the proportion of assistance going to the priority countries and regions and continue to refocus its multilateral operations on a smaller number of international institutions.
- Associate DGCI more closely in defining the positions that Belgium upholds in the governing bodies of the Bretton Woods institutions.
- Prepare participatory country strategies in all the priority countries.
- Make firmer use of the sectoral approach in implementing assistance.
- Speed up the establishment of a new corporation for promoting investment in developing countries, BIO, and ensure that its regulations give due priority to the least developed countries (LLDCs), strengthening local institutional capacity and combating poverty.
- Avoid dispersal of indirect co-operation and ensure that it is more fully in line with the priorities and poverty alleviation programmes defined by the partner countries.
- Reform the system of evaluation so that DGCI and CTB develop a monitoring system and an internal assessment system whose findings can be taken into account.
- Devote greater attention to achieving more consistency between co-operation policy and other policies that may have effects for developing countries.

CHAPTER 1

NEW THRUSTS OF BELGIAN DEVELOPMENT ASSISTANCE

Reforms since 1997

Belgian development co-operation is being completely overhauled. Since the last review by the Development Assistance Committee (DAC) in September 1997, the Belgian aid system has undergone major legislative changes and sweeping administrative reforms. This process is part of the follow-up by the federal government - in 1999 in particular - to the recommendations of the parliamentary monitoring commission set up in December 1995 in response to widespread public criticism of the relevance and effectiveness of Belgian aid. Thus, in a report issued in July 1997, the commission put forward a number of recommendations designed to: i) clarify the objectives and basic principles of Belgian co-operation; ii) enhance the policy-making ability of the public service and simplify procedures; and iii) introduce a functional separation between policy-making and planning on the one hand, and programme and project implementation on the other, while ensuring rigorous independent evaluation of the activities funded.

The reform process launched by the Belgian government has two main thrusts:

- Legislative: the Chamber of Representatives passed a *Law on Belgian international co-operation* on 15 May 1999, which was published in the *Moniteur belge* on 1 July 1999. The main provisions of this law are the following: i) it introduces the notion of “international co-operation” i.e. co-operation between partners on an equal footing; ii) the goal of international co-operation is defined as sustainable development, partnership and relevance to development; iii) relevance is defined with reference to DAC criteria; iv) bilateral co-operation should be concentrated on 25 countries (or regional country organisations) at the most; v) bilateral co-operation should be limited to five sectors and three cross-cutting themes; vi) multilateral co-operation and co-operation via non-governmental partners should be clarified.
- Administrative: it was decided to set up a public corporation - *Coopération technique belge* (CTB) - to implement government-to-government co-operation (or direct bilateral co-operation), with its headquarters in Brussels. The setting up of a society for investment promotion in developing countries (BIO) is expected shortly. The policy-framing and planning function, in contrast, was entrusted to the *Direction générale de la coopération internationale* (DGCI), in the Ministry of Foreign Affairs, Foreign Trade and International Co-operation. In addition, a new function of special evaluator was attached to the Secretary-General of the Ministry of Foreign Affairs, reporting directly to Parliament.

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The new legislation and administrative reforms are broadly in line with the international consensus that emerged following the publication in 1996 of the OECD/DAC document: *Shaping the 21st century: the contribution of development co-operation*, which aimed to bring donors together around specific themes and objectives, especially that of combating poverty.

By the end of 2000, all the structures for implementing the main thrusts of the reform were in place, in Brussels in particular. In contrast, the implementation of the reform in the 25 partner countries, especially the appointment of co-operation attachés, had not been completed. CTB, the public corporation set up by the law of 21 December 1998 became operational in April 1999. The management² made a big effort to get the company off the ground with a view to eventually taking over the management of direct bilateral co-operation from the DGCI.

Most of the staff of the former *Administration générale de la coopération au développement* (AGCD) were transferred to the new DGCI from July 1999. This administrative reform, if it is to succeed, necessitates the emergence of a new institutional culture in the DGCI and close collaboration between the CTB and eventually the future BIO, as well as between the DGCI and the co-operation attachés in the embassies located in the priority countries. For some of the DGCI staff, used to managing and administering individual projects, the challenge is to place co-operation within a wider political and economic context, to focus on the strategic aspects, to draw up CTB's operational and administrative mandates, and to implement and monitor overall and sectoral policies. In contrast, for other departments and the staff of the Ministry of Foreign Affairs, the reform entails acceptance of the distinctive character of the DGCI and development co-operation and of its potential as a key element of foreign policy, but also the need for a rigorous approach, strategic choices consistent with the international consensus, clearly defined priorities, and resisting the temptation to spread aid over a large number of countries and projects. Such a change in institutional culture needs to be managed carefully given the sinking morale among DGCI staff stemming from the uncertainties created by the 1999 reform and the possibility of further institutional reforms which would be even more radical.

In order to safeguard the separate identity of development co-operation objectives and activities, the Ministry of Foreign Affairs and the State Secretary for Development Co-operation have maintained, for the time being, a separate budget for international co-operation in the Ministry of Foreign Affairs until further orders. The responsibility for the preparation and use of the budget is therefore directly assured by the State Secretary for Co-operation. The question of integrating the budgets of the Ministry of Foreign Affairs with that for international co-operation is envisaged and debated. This integration would make Belgian ODA less transparent. It would also risk having adverse effects on the search for coherence attained by the implementation of APD, a search shared by all DAC Members. The co-operation Attachés in priority countries, a welcome initiative, would be given the decision-making and spending powers. The maintenance of a specific budget for co-operation would be, in this perspective, a way to permit an enhanced role in terms of coherence. The personnel service and the financial and logistical services of the DGCI, in contrast, were incorporated into the general directorate for administration in the Ministry of Foreign Affairs. The documentation and legal services were also incorporated into the relevant general directorates in the Ministry.

2. CTB took on several former AGCD officials and co-operation unit managers.

The special evaluator was appointed by ministerial decree of 4 May 1999 and has been operational since mid-1999. He is entirely independent as regards the choice of activities to be evaluated, his programme of work and methods, and reports directly to Parliament.

Objectives and thrusts of the new law on Belgian international co-operation

The 1999 law meets most of the concerns and recommendations of the parliamentary monitoring commission set up in 1995. The first part of the law describes the objectives of Belgian co-operation in the following terms: “... *sustainable development, to be achieved by combating poverty, on the basis of the concept of partnership and in accordance with the criteria for determining relevance to development...*”.

The law draws on the DAC criteria for determining the extent to which aid is relevant to development. It sets out the following basic principles: i) strengthening institutional and managerial capabilities; ii) economic and social impact; iii) technical and financial viability; iv) effectiveness of implementing procedures; iv) importance of gender equality; vi) promoting environmental protection and conservation.

At the geographical level, the law requires that Belgian international co-operation be limited to a maximum of 25 countries (or regional country organisations). It lays down seven criteria for drawing up this list of countries: i) the degree of poverty of the partner country; ii) relevant and current experience with regard to co-operation with the partner country; iii) the contribution to the country’s social and economic development; iv) the extent to which the partner country complies with the principle of good governance; v) existence of a crisis situation in the partner country, and the ability of Belgian international co-operation to play a role in resolving the conflict and preventing further violence; vi) degree of integration of the partner country in regional co-operation; vii) the willingness of the partner country to implements policies to eliminate discrimination, and an equal opportunity. Pursuant to this law, a Royal Decree of 26 June 2000 listed the priority countries for direct bilateral co-operation (see Table 1 below).

Table 1. List of priority countries

Africa	Middle East	Latin America	Asia
Algeria Benin Burkina Faso Burundi Democratic Republic of Congo (former Zaire) Côte d'Ivoire Ethiopia Mali Morocco Mozambique Uganda Republic of Niger Republic of South Africa Rwanda Senegal Development Community (SADC) Tanzania	Area under Palestinian administration	Bolivia Ecuador Peru	Bangladesh Cambodia Laos Vietnam

Source: New co-operation law (1999).

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In principle, the use of a formal, statutory procedure to select priority countries will enable the aid authorities to work in a more stable context and one that is less subject to uncertainty and pressure from the actors concerned. Although the list of countries is still fairly long, it should permit greater geographical concentration of aid.

The law further states that Belgian development co-operation should concentrate on bilateral activities in the following five sectors:

- Basic health care, including reproductive health;
- Education and training;
- Agriculture and food security;
- Basic infrastructure;
- Conflict prevention and societal consolidation, including respect for human dignity, human rights and fundamental freedoms.

The DGCII will draw up a country strategy note for each sector and forward it to the Chamber of Representatives and the Senate by 31 August 2002 under the official procedure. The notes will be evaluated and updated at least every four years to take account of changes in the context of international co-operation.

In addition to these five sectors, the law also identifies three cross-cutting themes on which Belgian co-operation should focus in the future:

- Gender equality
- Environmental protection
- The social sectors.

As for the five sectors, a country strategy note will be drawn up for each of these themes setting out the approach to be adopted. The notes will also be evaluated and updated every four years.

The new Belgian government deepened its approach to international co-operation in the note on international policy "*La qualité dans la solidarité. Partenariat pour le développement durable*", which it submitted to Parliament in April 2000. This document, of very high quality, sets out guidelines for Belgian co-operation in the coming years.

- Development co-operation exists for the benefit of partner countries, with the purpose of improving the lot of their population and especially disadvantaged groups, i.e. the poorest people.
- International solidarity is based on respect for the partner country, its population, culture, creativity, and knowledge of the country (of its own society).
- Only sustainable development offers a real future.
- Urban poverty should receive as much attention as rural poverty.
- Prevention is better than a cure: conflict prevention is thus preferable to providing humanitarian aid while a war is going on or once peace has been concluded.

- Developing countries are considered essentially from the standpoint of their poverty, but they often have other riches – such a cultural, linguistic and artistic diversity.
- Insofar as possible, the development policies of donor countries (and organisations) must be consistent with one another.
- International trade and the treaties that govern it have a bigger influence on the level of development than official development assistance (ODA).
- Respect also means that the partner country is not permanently considered as a pupil to be lectured to, reprimanded or even punished, or as a patient.
- In general, dialogue and partnership are difficult to achieve when absolute conditions (good governance, human rights, the free market, etc.) are laid down.

A further reform on the horizon: the devolution of responsibility for aid

Further major changes have been announced. The Belgian authorities, in a small Cabinet of Ministers, decided on 5 October 2000 to devolve further powers to the Communities and Regions (defederalization of the budget for international co-operation). This decision can bring new profound changes and disturb the uptake and development of the reforms already in progress. This decision reflecting the agreement of the whole governmental coalition, was taken in the context of the discussions on the federal budget for 2001. This decision, in principle, aims to delegate from 2004, entire or partial responsibility for ODA, to the Communities and Regions. This would be accompanied by the transfer of elements of the related federal budget. It is useful to note that the government statement leaves open the possibility of different approaches, in terms of implementation, more or less "maximalist" or "minimalist". Some specific decisions have still not been implemented regarding the extent and modalities for transferring competencies to the Communities and Regions.

The devolution of federal responsibility to the Communities and Regions is a complex political, institutional and administrative process that goes back a few decades. In 1970, the French and Flemish Communities acquired cultural independence as the first step towards the dismantling of the unitary federal state. Gradually, the linguistically homogenous areas of Flanders and Wallonia were transformed into region states. Today there are two types of region states - Communities and Regions. The Communities have responsibility for matters related to the personal sphere, the Regions for matters on their territory. There are three Communities - the Flemish, French and German-language Communities. There are three Regions: the Flemish Region, the Walloon Region and the Brussels-Capital Region. The territory of the Flemish Region coincides with the Dutch-language area. The Walloon area includes the French and German-language areas. The Brussels-Capital Region has authority over the bilingual area it covers. Each Region has among other things authority over the economy, employment, infrastructure, urban and regional planning, and the environment on its territory.

It does not seem that the decision to transfer competencies in ODA had been raised or discussed beforehand with different stakeholders in the aid and co-operation programme of Belgium. It was not apparently within the framework of the recent useful reforms or in the analysis of their first results. Opinions differ on the actual content of the decision how it will be implemented, and its impact. The Communities and Regions welcome it, while that the highest level, those responsible for Belgian co-operation judge it to be an unfeasible an inefficient transfer and in addition not wanted by the main

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actors and partners. The rationale and impact of this new reform on the coherence of policies for development co-operation and doubted by Belgian academics, political Representatives non-governmental organisation (NGOs), even if some do not share this judgement. The Belgian Senate has organised hearings on the matter, which have illuminated the different views on the reform, the timeliness of such a reform, and its final impact. The possibility of a partial regional devolution on the basis of a division of responsibilities by recipient country, or of allocating any increase in the co-operation budget to the sub-national entities while leaving responsibility for the current budget at the national level, has been evoked.

The Prime Minister of Belgium stated on 18 October 2000 that the issue of the devolution of responsibility for development co-operation should be analysed thoroughly in the appropriate commissions. Accordingly, the Senate sub-committee on Foreign Affairs and Development Co-operation organised hearings on the issue in Brussels. The DAC Secretariat was invited to attend a hearing on 20 March 2001. Its conclusions were as follows:

- The transfer of responsibilities for aid to sub-national authorities would be a “first” for the DAC. Such an initiative can only be explained within the general context of Belgium. In terms of development co-operation, other DAC Member country, even the most federalist, has ever promoted such an initiative, which puts into question the responsibility and prerogatives of the central federal State in matters of foreign policy and development assistance. Admittedly, in several DAC Member countries (of which Belgium is one), central government co-operation is complemented by a few “decentralised co-operation” initiatives, which are on a much smaller scale however. “Decentralised co-operation” stems from the desire of some regions, municipalities and cantons to establish close ties with countries, regions or towns in developing or transition countries. It is usually funded out of regional or local tax revenue and civil society is closely involved. In contrast, the transfer of responsibilities, as proposed, would have a major impact on the orientation of its aid and, indirectly, on its multilateral co-operation, its geographic and sectoral priorities, the consistency and impact of policies and programmes, and the effectiveness and efficiency of the aid system.
- It would involve three main risks:
 - First, the risk of disturbing current efforts to reform aid administration and to achieve greater stability, continuity and institutional effectiveness, including reforms implemented as part of the broader reform process of the Belgian public administration (the Copernicus Plan). This plan notably entails the opening senior management posts to external recruitment. The prospect of a further drastic change in less than three years from now is not conducive to the stability of entities like the DGCI and the CTB, and especially of their staff. In such a climate of uncertainty and even distrust, it is going to become increasingly difficult to get staff to carry out new tasks and responsibilities. This danger is all the greater in that the DGCI is in the process of modifying its role and, by the same token, the profile of its staff.
 - Second, that the internal consistency of the aid system as a whole, in terms of its relevance, effectiveness and efficiency, and of the strategic relations between its bilateral and multilateral components, would be diminished. There would be a similar effect on ODA and the other policies that have an impact on the developing

- countries. The most likely outcome would be the increased dispersal of ODA, a lack of overall political and strategic unity, the implementation of compartmentalised programmes without a systematic exchange of experience and lessons learnt, and that in the field, Belgian development workers would become increasingly marginalised.
- Third, there is a major risk that a purely Belgian approach to indirect co-operation (see Chapter 2) would be reinforced to the detriment of the processes and dynamics under way in several partner countries [via the *Cadres stratégiques de lutte contre la pauvreté (CSLP)*, sectoral approaches, budgetary and programme aid, etc.]. This would be at odds with the efforts of donor countries with which Belgium aspires to associate, to give partner countries and populations greater control over the aid they receive so that it matches their needs, priorities and programmes, just at a moment when all the donors are attempting to relieve the challenges of co-ordination between the various bilateral and multilateral agencies.

The members of the Senate commission responsible for foreign affairs and development co-operation seem to share this view of things and of the risks involved in devolving responsibility for aid to sub-national entities. It remains to be seen to what extent they will succeed in influencing their colleagues in the Chamber of Representatives, and the federal, regional and community governments.

On the basis of discussions with the federal aid administration, CTB, sub-national authorities, representatives of civil society, parliamentarians and the Senate hearings, one might well ask whether the process of devolution of responsibility for aid is stoppable. Admittedly, the transfer of responsibilities is not due to take place before 2004. Also, the possibility of transferring responsibilities from the federal government to the Communities and regions, as well as the precise division between the different actors, has not been worked out in detail. The way in which the transfer is actually implemented will count a lot. There is thus room for manoeuvre in the discussions and negotiations between the various actors and partners. If the sharing of responsibilities in the domain of Belgian aid is pursued in future, it would be necessary for Belgium to choose a minimal approach reassuring that the federal administration is not deprived of competences and resources that allow it to assure the coherence, effectiveness and impact of development co-operation on the ground. In effect, while it is widely acknowledged that civil society in both the recipient countries and the donor countries has an important role to play in development co-operation, the Cotonou agreements also state explicitly that European aid should be implemented jointly by the European and national authorities. Belgian federal policy would thus be likely to lose its credibility and coherence if aid management were removed from its remit.

For these reasons, it is essential that the devolution of responsibilities for aid management and the transfer of budgetary resources from the DGCI be confined to some specific areas of indirect co-operation, namely initiatives managed by outside organisations which have received subsidies from the DGCI (such as NGOs, universities and scientific institutions, specialised private organisations). In the case of organisations with a strong community and regional basis and close ties with sub-national authorities, the transfer of responsibilities could take place smoothly. It could include an agreement on geographical and sectoral priorities - based on the priorities which have already been laid down by the new law on international co-operation - as well on the mechanisms of co-ordination between the national and sub-national authorities.

CHAPTER 2
VOLUME AND BREAKDOWN OF AID

Volume of ODA, breakdown by funding agencies and outlook

In net disbursement terms, the volume of Belgium's official development assistance totalled USD 760 million in 1999, equivalent to 0.30% of gross national product (GNP) (see Annex I - Table I.1). The result is a disappointing one after the rise in 1998 (0.35% of GNP). As is clear from Table I.1 and the graph accompanying it, ODA in 1999, measured as a percentage of GNP, is the lowest-ever historical result. As a percentage of GNP Belgium ranks eleventh among the DAC countries, while in absolute volume terms it ranks fifteenth (see Annex I - Table I.6 and Figure I.1).

The Belgian authorities have the firm intention, however, to correct the stated trend. In effect, in 2000, the ODA of Belgium rose to \$812 millions, equivalent to 0.36% of GNP. This percentage puts Belgium in sixth place among DAC Members.

Belgium's ODA is administered by a number of federal agencies and by decentralised tiers of government. In 1998 and 1999 the breakdown (in USD millions) was as shown below.

Table 2. Breakdown of Belgian ODA by Different Administrations, 1990-99

USD millions

	1990	1993	1994	1995	1998	%	1999	%
AGCD/DGCI	599.8	614.7	466.6	572.0	566.7	63.6	559.0	73.6
Finance Ministry – bilateral assistance	32.9	27.8	23.9	6.5	-4.8	-0.5	-12.5	-1.6
Finance Ministry – multilateral assistance	198.6	125.2	156.0	360.6	167.0	18.7	132.5	17.4
National Ducroire Office	0.0	21.2	37.8	38.2	103.0	11.5	19.8	2.6
Ministry of Foreign Affairs	10.3	21.0	31.1	33.5	27.1	3	24.2	3.2
Other federal agencies	21.0	6.2	8.7	5.7	6.8	0.7	6.9	0.9
Decentralised government	17.2	17.9	20.5	25.8	25.2	2.8	29.8	3.9
Sub-total: non-DGCI	280.1	219.4	278.1	470.5	324.3	-	200.8	-
Total	891.9	834.1	744.7	1042.5	891.0	100	759.8	100

Source: Memorandum by Belgium [DCD/DAC/AR(2001)1/03 - Table 2].

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An examination of the breakdown over the last ten years shows that several factors are at work. The trend in the DGCI segment was slightly upward in 1999, after the substantial fall in 1994. But it should be noted that the nominal figure for 1999 is still slightly below the volume reached in 1993. The Ministry of Finance, on the other hand, is at a substantially lower level than five years earlier. Closer analysis of the data for multilateral funding needs to bear in mind the fact that in 1993, and from 1997 onward, Belgium's contribution to the International Development Association (IDA) in the World Bank group was transferred from the Ministry of Finance budget to that managed by AGCD and now DGCI. Policy orientation for IDA and the World Bank, however, continues to be a matter for the Finance Ministry. The expansion in the AGCD/DGCI budget and the parallel fall in the Ministry of Finance budget are thus due largely to this transfer (equivalent in 1998 and 1999 to around USD 45.8 million a year, or BEF 1.7 billion). The Ministry of Finance's multilateral budget covers the general contributions to the World Bank group and the regional banks, and Belgium's contribution to the European Union development assistance budget. The DGCI budget covers Belgium's contribution to the European Development Fund (EDF).

The widest variations in Table 2 above stem from the debt relief transactions conducted via the National Ducreux Office (OND). The very substantial fall in this type of transactions in 1999 was not offset by the other agencies. In addition, the upswing in Belgian ODA in 1998 was largely attributable to the performance of the export credit agency.

Figures for Belgium's bilateral ODA, channelled through the Ministry of Finance, have been negative since 1997. After four decades of government-to-government lending, reimbursements are now greater than fresh disbursements, something that is likely to continue over the coming years. Although the net outcome has a negative impact on Belgium's performance, the trend is satisfactory. Most reimbursements are in fact from developing countries which have achieved a measure of economic growth, due partly to the funding received, in earlier years, from lenders such as Belgium.

The figures for the other federal agencies (Ministry of Foreign Affairs, other agencies) are less significant and appear to be relatively stable. The decentralised tiers of government (Communities and Regions) show modest but relatively steady increases.

What is the outlook for Belgian ODA, in particular with regard to the stated target of 0.7% of GNP? Is it to be expected that Belgium will break out of the downward trend in a sustainable manner? The government statement of July 1999 contains a passage indicating that the Belgian authorities have the firm intention to reverse the trend. In September 2000 the State Secretary for Development Co-operation noted that the co-operation budget would need to grow by 10% above the inflation rate in order to make good the fall over recent years and move progressively towards the government target of 0.7% of GNP. Since that time, the government has decided to increase the co-operation budget by a total of USD 365.5 million³ (BEF 16 billion) over the next three years (2001 to 2003).

3. At the 2000 exchange rate.

It is hard to predict what effect this decision will have on Belgium's performance in GNP terms over the next few years. The usual estimates assume that Belgian GNP will grow at about 3% a year. With three scenarios for annual ODA growth - 6, 8 and 10% respectively - they give the figures set out in Table 3 below.

Table 3. Annual ODA growth

As % of GNP, with three assumed rates of increase

		2003	2005	2010
ODA	+ 6%	0.34	0.36 %	0.39%
ODA	+ 8%	0.37	0.40 %	0.48%
ODA	+ 10%	0.40	0.45 %	0.58%

Source: DAC Memorandum (DCD/DAC/AR(2001)1/03.

Assuming that the balance of spending by DGCI and other Belgian agencies remains stable, an increase in ODA as a percentage of GNP means that actual ODA disbursements by all those concerned will increase substantially. That is likely to be problematical for the expenditure handled by the Federal Ministry of Finance. Moreover, the figures given above indicate that, even with the most favourable assumption (ODA + 10%), a modest outcome of just 0.40% of GNP would be achieved by the end of the current legislature (2003). That could rise to 0.45% in 2005 and 0.58% in 2010, always assuming the same substantial increase in ODA. Considerable headway still has to be made, accordingly, and the stated target of 0.7% is not within reach over the medium term.

Bilateral aid and principles of resource allocation

In 1998 and 1999 Belgium's bilateral assistance represented 62% and 59% respectively of the total volume of ODA. These figures show an increase over 1995 (51%), although still well below the DAC average (70%) (see Annex I - Table I.2). Within the bilateral component managed by DGCI, "multi-bi" activities have gained ground to the detriment of purely bilateral operations. The fall in the latter is due primarily to the crisis in Central Africa [Democratic Republic of the Congo (former Zaire), Rwanda and Burundi].

With regard to recipient countries (see Annex I - Table I.3), in 1998 and 1999 the proportion of Belgium's bilateral ODA that is allocable by region and income group which went to the least developed countries (LLDCs) - 47% and 43% respectively - was well above the DAC average (22%). Adding in the other low-income countries, the "targeting" of Belgium's bilateral ODA on the poorest countries (73% and 68% respectively) was also well above the DAC average (52%). That indicates a deliberate effort to concentrate ODA in terms of the relative poverty of recipient countries, first and foremost in Sub-Saharan Africa.

The targeting reflected in the 1998-99 statistics (see Annex I - Table I.4) is not of course fully in line as yet with the list of priority countries set in the new 1998 law. In 1998-99, for instance, the 20 main recipients included countries such as Cameroon, China, Kenya, the Philippines and Tunisia which are not among the priority countries for Belgian assistance. Geographical reorientation cannot be given effect overnight, of course. But it will call for persevering efforts by the Belgian aid administration and officers in the field, in particular to rectify some administrative rigidities in the resource allocation

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process. On the other hand, given that the Belgian authorities do not consider that good governance need be an absolute pre-condition for co-operation with a given country, readjustment of ODA flows can reasonably be expected to get under way relatively quickly.

In addition, although the list of Belgian ODA recipients has been relatively stable over the past ten years, the geographical cover is very wide with a tendency to dispersal across the three main continents. According to Annex I, Table I.4, while the 20 main recipients of bilateral ODA in 1998-99 received 69% of disbursements, just four of them received an average of USD 20 million or more a year, with most receiving only USD 8 million or less a year. The “atypical” increases to some recipient countries at certain times are usually due to substantial cancellations of debt to Belgium (see, for example, the cases of Côte d’Ivoire and Tanzania in 1998). With such relatively small volumes, it is hard for Belgium to play an important role in a particular country, even in one or two priority sectors. The annual disbursements for the countries which follow are often very modest, if not symbolic.

Over the years, the volume of ODA to some countries has fallen. In Asia, this concerns Bangladesh and Indonesia and, to a lesser extent, China. In Africa, ODA to Burundi has fallen while South Africa, on the other hand, is receiving more ODA. In Latin America, Bolivia and Ecuador continue to be the main recipients. Brazil, Chile, Haiti and Surinam continue to take a relatively large share, although there is virtually no governmental co-operation with these countries. Their ODA volumes are essentially the result of indirect co-operation (see Chapter 2, section on indirect co-operation).

The composition and sectoral breakdown of allocable bilateral ODA (see Annex I, Table I.5) shows that the “social infrastructure and services” category (39% of the total in 1998-99) is well ahead of other sectors (production-related activities account for just 13% of the total; debt-related assistance 17%; emergency aid 6%; multi-sector operations and commodity aid and general programme assistance 5% each; economic infrastructure and services 3%; assistance to NGOs 1%; and last, administrative expenses represented 10%). Moreover, the “social infrastructure and services” category is more substantial than the DAC average (31%). In turn, support for basic social services, virtually non-existent in the case of basic education, was equivalent to 10% of allocable bilateral ODA, below the threshold in the 20/20 clause which sets a target of 20% of total assistance for basic social services.

Multilateral aid

The breakdown of ODA between bilateral and multilateral assistance was around 60-40% for the period 1998-1999, a position that is likely to continue over the coming years. These proportions differ from the DAC averages, where the proportion of multilateral aid is of the order of 30%. Belgium’s multilateral effort is particularly noteworthy since it is supplemented by “multi-bi” contributions (classified as bilateral assistance in DAC statistics) to various projects and programmes run by international organisations.

There are four main reasons for Belgium's substantial multilateral effort:

- International organisations help to set the international development agenda. They take a global approach and set codes of good conduct on such diverse matters as human rights, the environment, international trade, equal opportunities, child protection, protection for refugees and food security.
- They pursue support policies and programmes which are not based on political or economic objectives set by special interests. This gives multilateral co-operation a neutral and at the same time universal character.
- They have the resources to co-ordinate aid, and are increasingly developing strategies for co-ordination.
- Multilateral co-operation is marked off from other forms by its structural rather than one-off character, meaning long-term partnerships.

Belgium has recently been seeking to refocus its multilateral action on a smaller number of international institutions. The Law of 25 May 1999 calls for multilateral co-operation to be concentrated on some twenty international organisations. The federal government considers that the law applies solely to voluntary multilateral contributions from appropriations in the development co-operation budget. The law also requires that international organisations should be selected on the basis of four criteria: i) the objectives of the organisation must correspond with the general policy aims of Belgian co-operation; ii) the areas in which the organisation operates should coincide with the priority sectors or themes of direct bilateral co-operation; iii) the organisation must have a planned approach; and iv) the contribution to the organisation must be consistent with the support supplied by other development co-operation actors.

The government has added further significant elements to the four criteria laid down in the law. In particular it refers to the organisation's performance, its function as a catalyst in international development policy, or its normative function and co-ordinating role in its own spheres of activity. The Royal Order of 27 April 2000 lists the 22 international organisations finally selected on the basis of these criteria:

- UN Office for the Co-ordination of Humanitarian Affairs (OCHA)
- Consultative Group for International Agricultural Research (CGIAR)
- Office of the High Commissioner for Human Rights (OHCHR)
- International Institute for Democracy and Electoral Assistance (IDEA)
- International Committee of the Red Cross (ICRC)
- International Labour Organisation (ILO)
- International Organisation for Migration (IOM)
- UN Food and Agriculture Organisation (FAO)
- Joint UN Programme on HIV/AIDS (UNAIDS)
- United Nations Population Fund (UNFPA)
- United Nations Centre for Human Settlements (UNCHS)
- United Nations Conference on Trade and Development (UNCTAD)
- United Nations International Children's Fund (UNICEF)
- UN Development Fund for Women (UNIFEM)

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- United Nations Development Programme (UNDP)
- United Nations Organisation for Education, Science and Culture (UNESCO)
- United Nations Environment Programme (UNEP)
- United Nations Capital Development Fund (UNCDF)
- UN High Commission for Refugees (UNHCR)
- World Bank
- World Health Organisation (WHO)
- West African Development Bank (WADB)

Belgium's efforts to be selective, based on the criteria of each multilateral institution's performance deserves positive mention, as does the intention to establish a strategy paper for each institution. The efforts could become broader based and more effective if at the same time DGCI were more closely associated in defining the positions that Belgium upholds in the governing bodies of the Bretton Woods institutions, in particular the World Bank, and during negotiations on replenishing the resources of the International Development Association. The fact that Belgian contributions to IDA now come from the DGCI budget should lead that agency to devote closer attention to the business of this institution, which addresses the poorest countries. Similarly, the experience of Belgian co-operation in the field could be more fully utilised and reflected in positions that Belgium's representatives take within the Bretton Woods institutions.

Indirect co-operation

The term "indirect co-operation" applies to operations conducted by third-party organisations receiving grants from DGCI. These are operations which the Belgian Government considers can be run effectively by organisations in three categories, also known as "indirect partners": i) officially recognised NGOs; ii) Belgian universities and research institutions; and iii) specialist bodies established under private law.

Historically, this form of co-operation has played an important part in Belgian ODA. The leading institutions here have strong regional and community ties and exert significant influence on co-operation policy.

NGOs

The arrangements for funding NGO operations were reorganised, by the Royal Order of 18 July 1997 and the Ministerial Order of 25 September 1997. The main features of the reform, which took effect in January 1998, are:

- Simplification of the administrative procedures for funding: a number of co-operation instruments, such as funding for partners, the dispatch of NGO co-operation workers, educational operations and study grants were brought together under a single body of regulations.

- Greater delegation of powers to NGOs: by assigning administrative execution to the NGOs themselves, DGCI can focus on general design and strategy, and on monitoring and evaluating NGO activities.
- Encouragement for greater NGO professionalisation: emphasis is placed on co-operation among groups of NGOs. The range of operations must be consistent, and demonstrate a long-term vision. In turn, NGOs can call on outside skills.

Putting the new regulations into practice raised a number of problems, relating to interpretation of the orders and the short time available for implementation. A number of regulatory loopholes have since been corrected. The problem of the management of credit and guarantee funds, for instance, was settled by the Ministerial Order of 1 July 1998.

The quality of dialogue and co-operation between DGCI and NGOs has improved in the interim. For instance, several NGO groupings hastily put together in 1997 have since been dissolved; a technical panel with representatives of NGO federations and DGCI has been established to clarify various administrative points; and a number of workshops and study days have been held by NGOs. Similarly, NGOs have been invited by DGCI to take part in the preparatory work for drafting the sectoral and thematic strategic memoranda to which the International Co-operation Act refers.

DGCI budgets for funding of NGOs have risen over the past few years. In 1997-99 effective disbursements broadly stabilised at around USD 87.9 million, including the funding of a large though declining number of NGO co-operation workers (902 in 1997; 641 in 1998; 610 in 1999). Two-thirds of the funding is devoted to partners' projects and operations in the field. But the actual volume of disbursements is greater than the figure mentioned above. To begin with, the Belgian Government looks to NGOs to implement a number of programmes, such as those funded by the Belgian Survival Fund (FBS) (around USD 4 million in 1999), and projects funded from special budget appropriations for emergency and humanitarian aid (about USD 10 million in 1999) and conflict prevention and democratisation (around USD 0.8 million in 1999). In addition, DGCI funds educational and awareness activities (1999: around USD 7.5 million) via which the NGOs help stimulate general awareness in Belgium about development co-operation and North-South relations. Last, DGCI has been funding supplies of services for two years now, in particular the transfer to computer-based system and networking of five major NGO documentation centres. The network is available to all recognised NGOs, and can also be consulted by the general public via Internet.

Since the beginning of 1998 NGO co-operation workers are directly hired, paid and managed by the NGOs, which receive the necessary resources via a special annual appropriation. The old system of approving and remunerating NGO co-operation workers, going back to 1995, will be phased out by 30 June 2001 at the latest.

There is an impressive number of recognised NGOs: (134). This leads to dispersal of assistance, and poses management difficulties for DGCI, even though it might develop programme approaches that will lead to a grouping of NGOs. While the trend is for the project approach to give way to a programme approach, the bulk of individual projects is giving way to operations based on a programme approach, the spread of assistance across a large number of NGOs continues to be a source of inefficiency. The main problem is that, unlike in a number of other DAC countries, most of Belgium's NGOs are relatively modest in size. Taken individually, few have the capacity to exert

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influence on the strategic thrusts of Belgian development assistance policy. This limits the scope of their operations and further reduces their ability to institute constructive dialogue with DGCI and influence decisions by the aid administration. In addition, “defederalisation” is likely to cause greater dispersal of NGO operations inasmuch as the largest agencies, which have to date remained national ones, may be compelled to split up if official budgets are placed on a community basis.

Co-operation by Belgian universities and research institutions

Indirect university co-operation has always played a key role in Belgian Development co-operation. The universities combine a teaching, research and public service mission in interaction with society, both national and international. Through university co-operation, Belgium seeks to provide support to universities in the South as well as the North. It seeks to perform the threefold mission mentioned above and to achieve sustainable development in the less advanced countries through reciprocal transfers of knowledge and expertise.

Indirect university co-operation is governed by six conventions (one general convention and five special ones) between the Belgian Government and the Flemish-language universities, represented by the Flemish Inter-University Council (VLIR) and between the Belgian Government and the French-language universities, represented by the Inter-University Council of the French Community (CIUF). The conventions were signed between May 1995 and June 1998 and go hand in hand with five-year plans setting aims and appropriate resources. The forms of management are laid down in the special agreements.

The special conventions cover the following points: i) training costs, in other words the costs of training students from developing countries in Belgian universities; ii) northern-hemisphere operations, in other words development co-operation activities conducted chiefly in Belgian universities - policy research, training programmes and international conferences, study trips by university students to partner countries, and grants to cover the administrative expenditure of VLIR and CIUF; iii) universities’ own initiatives on research projects running for up to five years, designed to strengthen teaching and research capacity in the South, with particular emphasis on strategic rather than academic research; iv) institutional university co-operation to consolidate the teaching, research and administration competencies of a small number of institutions in the South; and v) study grants - management of this programme was assigned to VLIR and CIUF as from the academic year 1998/99.

The broad lines of the reform of university co-operation are: i) framing and implementing new co-operation conventions between the Belgian Government and VLIR and CIUF, as well as preparing and agreeing supplementary provisions; ii) the need for institutions to apply a programme approach; iii) giving indirect actors greater responsibility; and iv) establishing a number of committees to deal with co-ordination and technical aspects.

Institutional university co-operation is conducted solely in Belgium’s partner countries. In turn, CIUF and VLIR must endeavour to devote at least 50% of their programmes to sub-Saharan Africa. The same restriction does not apply to their own initiatives. But the convention with CIUF does state that at least 80% of such operations should be conducted in priority countries. The convention with VLIR makes no such stipulation.

Total DGCI budget appropriations for university co-operation through VLIR and CIUF rose from some USD 20.5 and USD 19.7 million respectively (BEF 743 and 717 million) in 1998 to some USD 22.9 and USD 20.9 million respectively (BEF 869 and 791 million) in 1999.

The basis for a new approach to co-operation with research institutions was laid in 1997. As with the universities, it is based on multi-year programmes, and no longer on a range of small individual projects. DGCI confines itself largely to monitoring and evaluating the operations. Oversight of the annual operating plans lies with a consultative body in which representatives of the government and the research institutions meet at regular intervals.

The first framework agreement was signed on 7 May 1997 with the Institute for Tropical Medicine (IMT) in Antwerp. It regulates co-operation between DGCI and the Institute for the period 1998-2002 and covers the following activities: training courses in Belgium, policy research, conferences, research projects, own initiatives, institutional co-operation, regional courses, etc. Since the academic year 1998-1999 the Institute also manages the study grants made to nationals of developing countries. Some USD 3.5 million was paid over to the Institute in 1999, and nearly USD 4 million in 2000. The same approach was taken with the Royal Museum of Central Africa in Tervuren. The convention, signed on 22 June 1998, covered an annual budget of a little over USD 1 million.

Specialist agencies established under private law

The Association for the Promotion of Education and Training Abroad (APEFE) and the Flemish Association for Development Co-operation and Technical Assistance (VVOB) are non-profit bodies. Their aims are to strengthen teaching, training and research capacity in training institutions in the developing countries with which they have signed co-operation agreements.

DGCI makes grants for an annual programme of activities in the framework of a general convention between the Belgian Government and these two bodies. The convention covers the period 1998-2002 and sets geographical and sectoral objectives as well as the financial and administrative terms for the DGCI contribution. Funding to APEFE in 1998 and 1999 was equivalent to some USD 6.9-7 million (BEF 250-267 million) in each year. That agency has 15 partner countries: Benin, Bolivia, Burkina Faso, Burundi, Congo-Brazzaville, Democratic Republic of the Congo, Chile, Haiti, Lebanon, Morocco, the Palestine Administered Area, Rwanda, Senegal, Tunisia and Vietnam. Nearly all are in the statutory list of priority countries. Funding to VVOB was approximately the same, and concentrated on the following countries: Botswana, China, Ecuador, Kenya, Nicaragua, Surinam, Vietnam, Zambia and Zimbabwe. VVOB also conducts projects with financing from the Flemish Community in Chile, Cuba, South Africa, Tunisia and Vietnam.

Two further initiatives funded by DGCI may also be mentioned here: the first, involving the Ministry of Employment and Labour and the State Secretary for Development Co-operation, concerns the employment of young job-seekers on development projects to provide them with initial occupational experience in a developing country which will allow them, on their return home, to help raise public awareness of development assistance issues. The second initiative concerns international traineeships for groups of developing country nationals already working in public or private institutions, to gain further occupational experience in Belgium.

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In conclusion, some activities such as teaching, culture and the environment have in fact become the sole concern of the regions and communities in Belgium. It is accordingly logical for specialist agencies in the regions and communities to be associated in carrying through Belgian development co-operation policy in their particular spheres. This form of co-operation offers a number of advantages, in particular the establishment of direct or closer co-operation between various institutional actors in Belgium and the South. But the clear risk is that it will promote a purely Belgian approach, placing emphasis on particular lines of strategy (for instance, university co-operation rather than support for basic education), with forms and content dictated primarily by the interests of the Belgian institutions and not by the actual policies and processes under way in the partner countries. The danger of this approach is that it will weaken the portion of Belgium's bilateral ODA devoted to supporting local initiatives co-ordinated with other donors, in particular with regard to poverty reduction programmes and sectoral approaches in key areas such as education, health, agriculture and the construction and maintenance of secondary roads. As a result, and despite its intrinsic high quality, it may well weaken the relevance, efficiency and effectiveness of Belgian ODA overall.

The Belgian Survival Fund

The Survival Fund was an initiative by the Belgian Parliament in response to the manifesto against hunger launched by 77 Nobel Peace Prize winners in the early 1980s. The Fund was established by the Law of 3 October 1983, which defined its statutory and administrative framework from 1984 to 1998. A further Survival Fund Law was signed on 9 February 1999, and took effect on 1 January of that year. Preparing implementing orders under the new law was a lengthy process, and created a statutory and administrative vacuum in 1999 and the first quarter of 2000. The relevant Royal Order was finally signed on 25 April 2000.

Each of these two initiatives was backed by an allocation of BEF 10 billion (around USD 230 million at the current rate of exchange), paid out in annual instalments by Belgium's national lottery. Given the statutory and administrative vacuum mentioned earlier, the lottery made no disbursements in 1999 and no further operations could be launched. Fresh impetus developed in 2000, on the other hand, and the Survival Fund was able to make commitments equivalent to some USD 25 million and disbursements totalling a little over USD 20 million.

The aim of the Survival Fund is to enhance the food security of families, particularly in sub-Saharan Africa, suffering from chronic food deficits, poor access to basic services and a high rate of infant mortality. The Fund considers that the most effective operations to tackle household food insecurity are ones adopting an integrated approach, involving a range of aspects: human, social, societal, politico-economic and environmental. The main thrusts of this approach are participation, empowerment, ownership and gender equality.

The Fund continues to focus on African countries south of the Sahara, basing its operations on the indicators set out in the 1999 Act: poverty, inadequate food supply, insufficient numbers with access to health services and drinking water, high mortality among children under five, high mortality following childbirth, high proportion of underweight children, low life expectancy and low literacy rates, principally among women. The Survival Fund's operations are concentrated on 18 countries.

Since its inception, partnerships have been initiated with four international organisations (FAO, IFAD, UNCDF and UNICEF) and some 15 Belgian NGOs. These partnerships have helped build a food security concept in the Survival Fund. Bilateral co-operation is also involved in some of its activities, implementation of which is delegated to CTB, and this proportion of the Fund's annual budgets may rise to 20%.

The Survival Fund has also undertaken to run or commission a series of project evaluations every year so as to secure an ongoing flow of information on performance and allow lessons and recommendations to be drawn for the execution of future projects. The evaluations have been conducted in consultation with the executive partners.

Humanitarian and food aid

A humanitarian aid department was established in AGCD in November 1997. A similar service had previously operated within the indirect assistance department. The department now manages two budget appropriations: i) the basic allocation for prevention, emergency aid and short-term rehabilitation, and ii) the basic allocation for food aid. The department is also responsible for aid co-ordination with the European Community Humanitarian Office (ECHO) and the United Nations Office for the Co-ordination of Humanitarian Aid.

Over the period 1997-99, emergency and rehabilitation aid to groups threatened by or suffering from conflict and natural disasters was channelled in three ways: i) Belgian NGOs; ii) international agencies; and iii) AGCD/DGCI (managed by the co-operation sections/Attachés in the field).

The Royal Order of 19 November 1996 laid down a framework for the three components of aid of this kind: the prevention of imminent disasters; exceptional humanitarian aid (emergency aid); and immediate post-emergency or short-term rehabilitation aid. The budget appropriations for humanitarian aid as a whole were some USD 19 million in 1998 and USD 23 million in 1999. Generally speaking, rehabilitation aid is assuming greater significance when compared with emergency aid; armed conflict is the chief source of disasters addressed by Belgian operations; NGOs are the main executive agencies for humanitarian aid. The proportion going to international organisations is between 20% and 30%, as a rule. Direct execution is marginal.

In the framework of the 1995 Food Aid Convention, and under agreements with the European Union, Belgium was bound to supply an annual minimum of 41 500 tonnes of wheat to developing countries. This was altered to 30 000 tonnes under the new convention which came into force on 1 July 1999.

Since 1997 and as a result of the World Food Summit in Rome in November 1996, the FAO's special emergency operations service receives grants from the food aid budget and/or the emergency aid budget for operations providing agricultural inputs and technical assistance services for the rehabilitation of rural production systems in affected areas. This category of aid forms part of the continuum of emergency, rehabilitation and development assistance.

Emergency food aid and aid to refugees take up 70% or more of the annual budgets. Since 1997 the rehabilitation projects carried out by FAO/TCOR form a bridge between emergency and development projects, in particular in those countries where such projects exist (such as Rwanda). Over the last three years Africa has taken up over 0% of the food aid budget.

CHAPTER 3

AID INSTRUMENTS: POLICIES AND APPROACHES

Cross-cutting themes

Sustainable development and the environment

Under the International Co-operation Act, “Sustainable development is predicated on the satisfaction of current needs, without compromising the needs of future generations, and its achievement entails a process of change adjusting the utilisation of resources, the allocation of investment, the targeting of technological development and institutional structures to meet current and future needs alike”.

Sustainable development entails a viable process for all the members of society. The close interdependence between the economic system and the resources of our natural environment needs to be rebalanced in favour of responsible management of the planet’s resources: relentless consumption of non-renewable resources will condemn the generations who will succeed us on Earth. The effects of unsustainable consumption are already affecting the whole of mankind, but the poorest suffer first.

In adhering to the objective of sustainable development, the government undertakes to comply with the recommendations of the major international conferences of the past ten years when preparing its co-operation programmes. In order to incorporate the environmental dimension in all its development operations, DGCI has adopted the bifocal structure previously employed by AGCD: an Environment unit in the strategy department, and an Environmental Programmes unit in the multilateral co-operation department. It is proposed to strengthen the Environment unit by hiring a qualified specialist.

Operations to protect the environment are largely governed by treaties and conventions negotiated at the international level, involving both the industrialised countries and the countries of the South. DGCI is responsible for a whole range of aspects, from desertification to biodiversity, ozone-depleting substances (Montreal Protocol) and climate change (Kyoto Protocol). Contributing to the protection of biodiversity is a major aspect of Belgian policy. In principle, no bilateral or multilateral co-operation will be conducted involving programmes which release genetically modified (or transgenic) substances into the environment. Research into consequences and alternatives, on the other hand, will be encouraged, in conjunction with the developing countries.

Box 1. The Belgian approach to fundamental needs⁴

Belgium considers that the fundamental needs of the poor have to hold a central place in development co-operation policy. Quite clearly, there are minimum essential requirements without which life is impossible or is unacceptably reduced to mere survival. But the concept of fundamental needs that is often employed is a materialistic one which confuses actual need with the means of meeting it. For instance, needs are assimilated to consumer items or services peculiar to western culture (as when the need for education is considered as a need to go to school). What is more, needs are treated as though they existed quite apart from their socio-cultural and environmental context, and as though they were the same for all. This presents a uniform picture of poverty, denies the culture of the individuals concerned and refuses them any right to choose a novel path of development in line with their own potential. It also bars the way to any plurality of development paths, since it assumes that poverty may be relieved simply by transferring given quantities of standardised goods and services to the most disadvantaged.

Needs never exist as entities distinct one from another. Any physiological need, for instance, always includes a social and cultural dimension. In addition, essential needs are not confined to the physiological sphere. Human beings, whether poor or rich, have spiritual, psychological and emotional needs whose intensity and expression are also influenced by the specific context.

One need which development co-operation has so far overlooked too often is the need for participation in cultural life, to be recognised as a member of a cultural entity and the need for a wholly recognised cultural entity or community. Belgian development co-operation aims to devote greater attention to this cultural dimension of needs. That entails recognising cultural diversity and cultural rights, especially for minorities. It means taking both equality and diversity into proper account.

The Process Integrated Management (PRIMA) method used by DGCI in preparing its development operations provides, in the identification stage, for criteria to determine the viability of the operation and its impact on the natural environment. The identification report must deal with the operation's effects on the environment or the health status of the population. When adverse effects may occur, it must specify remedial measures. A further important point is to determine whether the operation will ensure that management of the environment and natural wealth lies with the groups and institutions directly concerned.

Apart from a few projects which are specifically concerned with protecting the environment, Belgian co-operation funds numerous bilateral operations where the environmental component is not inconsiderable, in particular in rural development, re-forestation around villages, exploitation of natural resources and combating desertification. On the multilateral side, Belgian assistance contributes to three international programmes: i) the World Environment Fund (WEF), with DGCI scheduled to provide 1.66% of total contributions over the period 1998-2002 to the WEF Global Environment Facility Trust Fund (GEFTF); ii) Action 21, through support for the plan of action approved in Rio de Janeiro in 1992, in particular for the treaty on combating desertification [in this context, an important role is played by the Federal Council for Sustainable Development (CFDD), established in 1997. CFDD issues opinions on sustainable development policy, at the request of the government or the federal parliament or on its own initiative, through holding forums and symposia.

4. See *La qualité dans la solidarité. Partenariat pour le développement durable* (Eddy Boutmans, State Secretary for Development Co-operation, 5 April 2000). Policy Memorandum.

Its members are drawn from civil society: NGOs, organisations of consumers, workers and employers, energy producers and scientists. Representatives of the federal government, the communities and regions and of councils dealing with environmental and socio-economic issues are non-voting members]; and iii) the Montreal Protocol, through contributions to the multilateral fund to finance additional investments needed for a transfer towards more environment-friendly technology (contributions of USD 1.85 million in 1998 and USD 1.94 million in 1999).

Poverty alleviation

For Belgium, as for other DAC countries, combating poverty holds a central place in efforts to achieve sustainable development. Belgium considers that poverty has to be defined in qualitative as well as quantitative terms, covering for instance inadequate access to natural resources and to essential public goods and services. That links up with the broad concept of “fundamental needs” described in Box 1. Moreover, the reference to the political dimension of poverty highlights the close relation between the fundamental needs of human beings and human rights as defined in the Universal Declaration. But elementary needs cannot be satisfied unless a number of preconditions are met. For this reason Belgium couples respect for the safety and freedom of men and women living in insecure circumstances due to war and social injustice with its priority aim of combating poverty. This goes hand in hand with special attention to the rights of children, who are the first victims of poverty and war. Belgian co-operation policy seeks to integrate these political dimensions explicitly. Strategies to combat poverty must supersede any one-dimensional approach in sectors and projects. Combating poverty is also a matter of redistribution and empowerment, in short a matter of rights.

This approach to combating poverty needs to become an operational practice in development co-operation, across all sectors and themes, and be materialised in the co-operation programmes concluded with partner countries and regions. A number of basic principles have been endorsed for this purpose (see Box 2).

Belgium attaches undeniable priority to combating poverty. Its approach and the operational principles that it has defined take full account of DAC directives on the subject. It is expected in particular, that the country strategy and sector strategy notes will take account of this priority and will be written within the strategic framework of the fight against poverty. But there is still a long way to go in order to anchor this operational priority in country and sectoral strategies and put in place a system of monitoring and evaluation to determine whether objectives have actually been achieved.

Box 2. Basic operational principles

Strengthening rights: strengthening the capacities of individuals, social groups and public authorities, in various forms, must be the central strategic thrust in operational programmes.

Participatory development: co-operation programmes will be determined on the basis of consultation with recipients who freely express their needs and report their specific problems, and on the basis of initiatives and solutions proposed by the recipients themselves.

Quality of management and institutions: good governance should not be an absolute precondition for engaging in co-operation. The requirement could establish a vicious circle, since the lack of good governance can in fact be an essential element in a country’s development problems. Rather, Belgian co-operation seeks to contribute to strengthening and enhancing the institutions concerned and hence securing gradual achievement of this condition. A differentiated approach, which includes strengthening parliament, local and regional government, the judiciary, mediation services, citizens’ groups, and so on, is called for.

Belgium

Partnership - a differentiated approach: Belgian co-operation will evaluate the various forms of partnership in conjunction with the recipient countries and on the basis of their development agenda. This applies both to dialogue on policy and priorities and to the operational aspects of co-operation.

Attention to culture: Belgian co-operation intends in future to devote more attention to the cultural dimension. It will incorporate cultural aspects in its operations at various levels.

Impact on the environment: The identification and preparation stages for operational programmes should include a procedure for assessing their likely impact on the environment in various forms (biodiversity, depletion of natural resources, waste, urban development, etc.) and the formulation of corrective measures to protect or rehabilitate the environment.

Gender: Systematic attention must be devoted to re-balancing the rights and opportunities of women and men.

Decentralisation: Belgium will provide support to decentralisation initiatives where they are part of the country's policy. Decentralised co-operation will also be pursued in countries where the central government is deficient. In such cases, however, Belgium will associate this course with efforts to strengthen the central government's institutional capability.

Flexibility: Belgium is seeking to conduct a modern human resource policy to secure continuity and quality, allowing wider responsibilities to case managers and reducing their supervisory duties. It wants to achieve more flexible allocation of financial resources through a less rigid framework for the development co-operation budget in terms of appropriations and financial years. It is seeking to devise more flexible arrangements for consultation with the authorities in partner countries.

Co-ordination, complementarity and coherence: Belgium is endeavouring to achieve complementarity among the large number of actors involved, by arranging meetings for consultation. The latter is an essential aspect of co-ordination and division of duties among actors in the field, at the initiative of the developing countries. Last, Belgium is seeking to secure greater coherence by harmonising the poverty alleviation policies conducted by government departments.

Integration in long-term planning: In the context of sustainable development, long-term planning with the partner countries and the range of actors involved is essential. Concentrating bilateral co-operation on a limited number of countries may be a first step. On the same principle, the programme approach needs to be given greater emphasis with Belgian actors in indirect co-operation.

Conflict prevention and consolidation of society

Conflict prevention, democratisation and promotion of the rule of law have become priority objectives for Belgian assistance. A special unit was set up within AGCD in 1997 for this purpose. In June 2000 a Conflict Prevention unit was established in the DGCI's strategy department: the unit is responsible for managing projects and programmes to do with conflict prevention and with thematic and conceptual follow-up.

In conflict situations, development co-operation can contribute in various ways to conflict management or establishing peace. This may be within the traditional co-operation framework, by strengthening the social fabric or broadening the scope for development through greater access to health care and education. It can be supplemented by operations to promote human rights and exploit the potential for conflict management, by mine clearance, by reforms in the administration of justice and police services, and by enhancing the legitimacy of government and strengthening civil society. All these operations aim to counter exclusion and marginalisation and should hence restrict the use of armed force.

Over the period 1997-99 the main aspects of the programme in this area were clearance of anti-personnel mines, support for democratisation, human rights and elections, and support for the judiciary. Attention to child victims of conflict is a new aspect which was taken up in the DGCI budget for 1999. In geographical terms, development operations have been concentrated chiefly in central and southern Africa, apart from some in south-east Asia (Cambodia, Laos and the Philippines) to support mine clearance projects and the social reintegration of ex-combatants.

One theme which has received special attention is insecurity and arms. Most of the conflicts currently under way in the developing countries rely on light weapons, which cause immense damage. Apart from the human victims, light weapons promote crime and insecurity, destroying the outlook for development. Following an international conference on disarmament for sustainable development (Brussels, October 1998) and publication of a *Call for Action*, two meetings were subsequently held in conjunction with the World Bank's post-conflict department.

With regard to policy and strategic options for conflict prevention, in extreme crises there is scope only for humanitarian action. In less serious conflicts, the strategy of Belgian co-operation seeks to take the underlying causes of internal strife into account. These strategies will depend substantially on each country's circumstances, the type of policy being conducted, and the capacity of local institutions.

Dialogue, consultation and, where possible, functional co-operation are pursued with non-governmental actors and other donors. In the Great Lakes region - Burundi, Democratic Republic of the Congo, Rwanda - the major efforts by Belgium focus on humanitarian aid and peace-building in the broad sense. As a contribution to structural stability, these efforts will as far as possible be consolidated in the more traditional sectors of co-operation. New initiatives in peace-building and conflict control (reform of the judiciary, human rights, the child-soldier issue) will be extended. In reality Belgian co-operation pursues a two-stage policy, seeking first to foster peace and stability and then to help build up more structured co-operation over a longer timescale. In the case of the Democratic Republic of the Congo, Belgium is initially seeking to establish a partnership for peace and structural stability. It provides financial support for work by the peace facilitators in Burundi (Nelson Mandela) and Congo (Masire).

Belgium

Belgium has played a pioneering role in the international drive against anti-personnel mines. It is also one of the small group of countries taking a leading part in countering the proliferation of light weapons. The emphasis on child security will be reflected in particular through support for UNICEF, under the child rights programme and operations for the release and re-socialisation of child soldiers, and support for the special UN representative for children's rights.

Gender equality

Since 1999 the law on international co-operation has given statutory force to the principle of gender equality. The provision referring to "rebalancing the rights and opportunities of women and men" endorses three guidelines that have been applied since 1995: strengthening capacity in partner countries, integrating the concept in overall international co-operation policy, and acceptance of the relevant orientations and guidelines set out by DAC and the European Union. Gender equality is mentioned in the law as one of the criteria for assessing the relevance of operations. It is also one of the three trans-sectoral themes that Belgian co-operation has to take permanently into account.

The Belgian Government has established a consultative committee on women and development, for which DGCI provides secretariat services. The committee has 24 full members and 12 alternates, including representatives of NGOs, universities, women's panels, DGCI and individual figures. The committee has been active since 1994. It has prepared papers for the State Secretary concerning the Beijing platform (1995), the policy memorandum from the Women and Development unit (1996) and a number of sectoral issues. One-day events highlighting the situation of Afghan women under the Taliban regime were organised in March 1998. In the following year the committee launched preparatory work for a symposium on co-operation and sustainable development, and closely monitored the preparation of Belgium's country reports in the framework of Beijing +5, and the preparation of women's marches in 2000.

Belgian co-operation seeks to promote gender equality via a two-stage strategy: i) according gender equality a central role by incorporating women's interests in programmes and sectors, strengthening the active participation of women in programmes and sectors receiving support, and bolstering women's contributions to enhancing the quality of international co-operation as a whole; and ii) providing direct support for women's groups in partner countries, via capacity promotion and backing for the development of policies and activities targeting the needs of these groups.

The strategy will involve the following specific operations: building an overall vision, raising awareness and training on gender issues; translating positive experiments at project or micro level into national or meso strategies and into international relations at the macro level; support for institutional aspects, notably via support for the DGCI's Women and Development unit through recruitment of a specialist, strengthening the gender dimension in PRIMA management instruments, seconding local experts on gender issues to partner countries, reviewing the advisory and awareness roles of the committee on women and development, and making the gender dimension operational in priority sectors and themes.

Debt relief

Debt relief transactions for developing countries have assumed considerable importance, above the DAC average: 7% in 1997, 13% in 1998 and 5% in 1999 of total Belgian ODA, against an average of 4% for all DAC members in 1999 (see Annex I, Table I-2, ODA by major headings). Three actors are involved here: DGCI, the Ministry of Finance and the National Del Credere Office. The law establishing CTB provides that this agency too may take an active part in implementing operations of this kind. But its precise role has not yet been clarified. It may relate to the management of environmental or social counterpart funds linked to some debt relief transactions.

Relief of commercial debt to the private sector in Belgium was by far the principal category. Debts relating to ODA loans, on the other hand, accounted for only a marginal proportion of overall transactions. The main beneficiary countries, over the period 1995-99, were Bolivia, Tanzania, Côte d'Ivoire, Madagascar, Cameroon, Benin and Togo. 1998 was an exceptional year, with a record USD 122 million in debt cancellations. Recent decisions on the Heavily Indebted Poor Countries (HIPC) initiative, with which Belgium is involved, indicate that this component of Belgian ODA will rise in 2001 and subsequent years.

In September 1991 the Development Co-operation Department committed itself, for a period of 10 years, to devoting an annual average of BEF 550 million (USD 12.6 million) for debt relief or debt service transactions for over-indebted developing countries. The transactions concerned debts held by OND on behalf of the Belgian State. The types of transactions covered here are:

- DCD repurchases of debts held by OND on behalf of the State, for countries with which Belgium has co-operation links.
- Interventions via the Paris Club through financial contributions by DCD in the framework of relief transactions agreed by Belgium within the Paris Club.

In 1997-99 Bolivia, Benin, Côte d'Ivoire and Surinam benefited from transactions in the first category and Tanzania, Bolivia, Madagascar, Togo and Ethiopia from transactions in the second category.

Promotion of the local private sector

Belgium recognises the key role of the local private sector, especially small and medium enterprises (SMEs) and micro-firms. As a result, Belgian co-operation has recently established a policy, a programme and appropriate instruments to promote the private sector in poor countries. The new approach is entitled the "private sector development programme". It is in line with the guiding principles of Belgian assistance as laid down in the law on international co-operation, the guidelines and operations set out in the government statement and the DAC priorities and guidelines relating to official financial support for the development of SMEs and micro-firms.

The operations proposed will be mainly in the following areas:

- Macro-economic, tax, regulatory and legal action, designed to promote an environment for business growth. Here, Belgian co-operation will generally have an auxiliary role in overall approaches devised and co-ordinated with the support of multilateral organisations.

Belgium

- Promotion of additional fair trade channels.
- Strengthening the scope for the poorest developing countries to take part in multilateral negotiations on trade and the international financial system.
- Training for young entrepreneurs and business managers.
- Establishing diversified, effective and viable local or regional structures for financial and technical support to SMEs and micro-firms.
- Organising and securing representation of the private sector as a full-fledged component of civil society, helping it to assume its position as a partner for governments and local authorities in policy dialogue and in the establishment of support services tailored to the specific requirements of local business.

It is in terms of intermediate institutional capability, the meso level between general policy formulation and direct assistance to business, that the private sector support programme will largely operate. The aim in particular is to help establish and strengthen effective local or regional organisations close to their customers - namely businesses, groups of entrepreneurs and local authorities.

The operations may take a variety of forms, including: i) free consulting services and technical assistance for central and regional governments and local authorities; ii) standardised and relatively diversified training and technical support for the private sector, such as standardised training courses for young entrepreneurs and existing businesses to raise their management capabilities; iii) financial support, returnable at least in part in the form of shares in the capital of financial and investment corporations, leasing companies, mutual credit and local savings institutions, and technical support firms etc.; lines of credit to these institutions; participation in guarantee schemes; conversion of debt into risk capital or funding for technical support services to business; temporary start-up subventions for essential support services to business, in particular micro-firms in the informal sector or firms operating in the social economy; and iv) dialogue with the private sector in Belgium and business promotion agencies in Belgian communities and regions, to raise awareness of opportunities for partnership in the developing countries.

To work effectively as a facilitator, Belgian co-operation must equip itself to participate, along with other funding sources and local partners, in establishing and co-managing reliable specialist structures that can manage financial or non-financial support for business effectively. Technical support in the form of grants or other non-recoverable contributions will usually be handled by CTB. But direct and indirect financial contributions, in the form of recoverable investment, will be handled through a society created in partnership with the Belgian corporation for investment in developing countries. It will be a society for promoting investments in developing countries, BIO, which is to be set up this year. In this regard, it is important that BIO's articles of association, procedures and criteria for intervention give priority to the least developed countries, strengthening local institutional capacity and the fight against poverty, in particular through support for small and medium-size enterprises.

Policy coherence

The federal government's ODA administration has partnership relations with a large number of institutional actors: public authorities and non-governmental structures in partner countries; other federal ministries and regional or local authorities; NGOs, indirect co-operation via universities (in particular VLIR and CIUF) and research institutions, as well as specialist agencies established under private law such as APEFE and VVOB; multilateral agencies; the private sector, etc. In its role as a

lead player, DGCI strives to achieve greater complementarity within the federal government and between the latter and other partners, ensuring that the range of contributions, approaches and forms of intervention are mutually complementary. Such internal consistency is an ongoing challenge, however, against a federalist background where there are manifest centrifugal tendencies.

Consistency and harmonisation of the federal government's ODA operations with other policies impacting on the countries of the South are approached via statute, policy and administrative structures and are tackled at the functional level as well. The Law of 25 May 1999 outlines the statutory framework for Belgium's international co-operation. It provides for a number of strategy memoranda with which all the operations funded directly or indirectly by the public authorities must comply. The starting point for policy coherence is the government statement of July 1999 and the two policy memoranda prepared by the foreign policy and international co-operation sectors. The Council of Ministers is the highest forum for securing consistency in federal policy. For a number of years an inter-ministerial working party for development co-operation has been seeking to promote greater synergy between operations by individual federal ministries responsible for formulating and implementing policy and action impacting on the countries of the South. On 22 September 2000 the Council of Ministers decided to reactivate this working party. It is made up of the following members of the government or their delegates: the Ministers or State Secretaries for the Budget, Foreign Affairs, Foreign Trade, Finance, Agriculture, Defence, the Environment, Sustainable Development and Development Co-operation. The working party can also call in other members of the government when topics relating to the spheres of policy for which they have responsibility are being discussed. The following matters are considered:

- Trade relations with the developing countries.
- Belgium and international financial institutions.
- Debt relief.
- Food security.
- Environmental aspects of the sustainable development plan.
- Climate and environment conventions and their relevance for the developing countries.
- Solidarity operations by individual ministries with particular developing countries.

Similar administrative arrangements are found in several other areas of government activity. For instance, representatives of DGCI sit on the Finexpo committee which advises the State Secretary for Foreign Trade on trade support operations (super-subsidies, interest rate stabilisation). The same committee also advises on government-to-government loans.

For matters of special importance such as policy in the Great Lakes region, multilateral negotiations on international trade, arms exports, the diamond trade, asylum policy and other policies impacting on the developing countries, particular functional arrangements ensure that the viewpoint of international co-operation is taken into due account. Within the European Union, Belgium strives most particularly to harmonise the various facets of policy to foster sustainable development in the South.

Belgium

Missions in the field identified a potential problem of consistency in trade policy. That is the case in Vietnam where the trade representations (with three regional delegates) seek to promote Belgian firms in their regions (Flanders and Wallonia) and the delegate for the French community seeks to promote firms in the Wallonia-Brussels entity. It is left to the Ambassador to ensure that the Belgian stance in these spheres is coherent in the field, but the task is no easy one.

As in every DAC member country, contradictions remain within the range of policies impacting on the developing countries. The inter-ministerial working party's response could be a significant first step towards identifying these contradictions and seeking to resolve them in the way that is most effective for the aims of development policy.

Information and public awareness policy

Unfortunately DGCI has no recent research on the views of the Belgian public towards co-operation. This is a major handicap in defining a properly targeted policy on information and public awareness. In practice the latter depends increasingly on cultural activities, involving music and folklore. More measured consideration of development and poverty does exist but is often confined to specialist circles. The media cover topics such as globalisation, food supplies, immigration and refugees. International co-operation is dealt with in the media, but largely from the standpoint of the living conditions in developing countries.

The DGCI information department has two appropriations for funding public information activities. One is for co-financing third-party initiatives, and the other for the government's own activities. Belgian NGOs which are approved by DGCI also receive credits as co-financing for their development education work in Belgium. The overall budget for these activities rose between 1997 and 2000 from BEF 376 million (USD 10.5 million) to BEF 582 million (USD 13.3 million). Around two-thirds of the total is allocated to Belgian NGOs.

The appropriation providing grants for third-party information work serves in particular to fund the awareness drive *Annoncer la couleur*. Covering the academic years 1997-98 and 1998-99, the first stage in this drive was designed to familiarise primary and secondary pupils with the day-to-day realities of life in the South. This stage was organised in conjunction with nine of the country's ten provinces, the Museum of Central Africa in Tervuren and NGOs. As 1999-2000 was a year of transition, the federal government has decided to extend the campaign into 2000-03. The approach will be much the same as in earlier years, except that overall co-ordination has been assigned to the new *Maison internationale* in Brussels, rather than approved NGOs. This institution was established in May 1998 by a decision of the Council of Ministers, and it became operational in September 1999. Since then, it has hosted meetings and exhibitions, including a photographic exhibition on the Aids epidemic in Africa and another on Sudan. The *Maison Internationale* is responsible for co-ordinating the awareness drive *Annoncer la couleur* and for promoting fair trade. It also provides facilities for voluntary associations whose aims are similar to those pursued by international co-operation.

The second appropriation serves to fund information work organised and managed directly by DGCI. There are four main objectives here: i) institutional information, to secure greater visibility for international co-operation, notably by producing and distributing DGCI's annual report, its fortnightly newsletters *DGCI-Contacts* and *DGIS Info*, and preparing and distributing the State Secretary's policy memoranda. A travelling exhibition was launched at the end of 2000; ii) general information on international co-operation issues, chiefly through co-produced radio and television programmes. A number of programmes are produced each year in this way with the French- and Flemish- language radio and television stations, at a total cost of some BEF 20 million a year. DGCI's bi-monthly

magazine *Dimension 3* also comes under the general information heading; iii) development education: DGCI has a systematic presence in schools at all levels, through some fifteen delegates who lead group or class discussions on particular topics, present audio-visual material, and so on. Each year, 35-45 000 school children are thus reached by the DGCI presentations. Adding in *Annoncer la couleur* and the work of a number of NGOs in schools, it can be seen that teachers are well supplied with services dealing with development co-operation in Belgium. At the same time the supply is somewhat piecemeal, with no direct link with the normal academic programmes; and iv) logistical support by the information department for DGCI events such as international conferences, foreign trips by journalists, etc. One example of such activity involves the international conference on disarmament for sustainable development, in October 1998.

CHAPTER 4

IMPLEMENTATION OF AID: ORGANISATION, CHALLENGES, MANAGEMENT SYSTEMS AND RESULTS

The reorganised aid administration

DGCI

From 1976 to 1998, the preparation, implementation and evaluation of a significant portion of Belgian ODA was the responsibility of AGCD. Although officially attached to the Ministry of Foreign Affairs, AGCD was in practice a distinct and separate administration, with its own management, personnel, accounting and logistics departments. The reforms introduced since 1997 have progressively apportioned the former AGCD's roles among a number of actors, separating design from implementation tasks and seeking better integration of co-operation policy with Belgian foreign policy.

As a result, AGCD's former functions have been divided among three administrative directorates within the Ministry of Foreign Affairs and a new external agency:

- Preparation of co-operation programmes has been entrusted to the newly established DGCI, which is part of the Ministry.
- Evaluation has been entrusted to a new department under the direct supervision of the Ministry's secretary-general; it is responsible for evaluating all federal government operations involving Belgian ODA. This department reports to Parliament.
- The logistics, legal affairs and personnel departments of the former AGCD are now part of the Ministry's administrative services.
- Lastly, and this is one of the most innovative aspects of the reform, the implementation and monitoring of direct governmental co-operation have been entrusted to a new agency, CTB.

The new DGCI is composed of six directorates (D10 to D60), with the following responsibilities: i) co-ordination; ii) strategies; iii) indirect co-operation; iv) multilateral co-operation; v) emergency assistance and reconstruction; vi) development information, outreach and education.

Belgium

The **Co-ordination Directorate** (D10) is responsible for: a) budgetary and statistical co-ordination of the different forms of co-operation managed by DGCI: direct bilateral co-operation, multilateral co-operation, indirect bilateral co-operation and special programmes; b) organisation of horizontal communication between geographical, sectoral and thematic departments; c) policy preparation, planning and monitoring of direct bilateral co-operation; d) co-ordination of relations with CTB; e) co-ordination and exchange of information between DGCI and the Ministry's General Directorates B (bilateral relations and international economic issues) and P (multilateral policy relations and thematic issues) (see Annex III-1). Overall co-ordination is the responsibility of a special commissioner. Since the beginning of the reform there have been three different commissioners, including two career diplomats.

In order to emphasise the importance and particular nature of international co-operation, the federal government decided that it should continue until further notice to have a separate budget, which is managed directly by the Co-ordination Directorate. Service D11 has specific responsibility for managing this budget, while D12 is in charge of preparing statistical and other reports for outside bodies such as the DAC. It is also responsible for handling all parliamentary questions and forward planning of certain appropriations and programmes. The Inter-Directorate Forum (D13) is responsible for horizontal communication, co-operation and co-ordination within DGCI. The Co-ordination Directorate has also been given responsibility for planning activities for bilateral ODA and has four geographical departments responsible for Africa (D14), Latin America (D15), Asia (D16) and the Middle East and South-Eastern Europe (D17). These departments are in charge of the preparation of the joint commissions with partner countries and maintain direct contact with CTB and co-operation attachés in the field for the monitoring of ongoing bilateral programmes.

The **Strategies Directorate** (D20) plays an important role in terms of strategic thinking and conceptual approaches. It is composed of sectoral and thematic units that prepare the relevant strategies and monitor their implementation in programmes and projects. This directorate has both external activities in the context of international strategic thinking, and internal activities to develop sectoral and thematic policies. The internal structure of Directorate D20 is as follows: economic issues (D21), i.e. the social sectors, the private sector, debt relief and macroeconomics and structural adjustment; rural development and infrastructure/Belgian Survival Fund (D22), i.e. rural development, food security and the Belgian Survival Fund and basic infrastructure; and lastly, health, education, conflict prevention, gender and the environment (D23).

The **Indirect Co-operation Directorate** (D30) has kept the form and substance of its previous activities. It is composed of three departments that are responsible respectively for relations with NGOs (D31), relations with universities (D32) and special programmes with the Regions and Communities, in particular through VVOB and APEFE. This directorate is also responsible for relations with local authorities and entities (D33).

The **Multilateral Co-operation Directorate** (D40) comprises three departments: development banks and the Environment Programme; the European Union; and international organisations, including the United Nations.

The **Emergency Assistance and Reconstruction Directorate** (D50) comprises two units, one responsible for food aid and the other for emergency assistance and reconstruction.

The **Information, Outreach and Education Directorate** (D60) does not have units or specialised departments. It continues to be responsible for information initiatives and for implementing outreach activities aimed at the Belgian public. It actively supports educational programmes in schools.

The organisational chart of the new DGCI is presented in Annex III-2. It shows that the Special Commissioner of DGCI is in charge of overall co-ordination and negotiation of new texts (agreements, conventions, etc.) to implement the reform and new structures and working methods. The commissioner has three departments to assist him with his tasks: a department in charge of general affairs (D00), a department responsible for internal control of projects (D01) and a department responsible for audits, organisation and methods (D02). DGCI suffers from a lack of qualified staff with experience in the field, especially after the departure - in particular to CTB - of the former "*chargés de mission*". This makes it more difficult for the commissioner to perform his duties.

The former AGCD was incorporated into the Ministry in two stages. Its legal integration took place on 1 July 1999, a few days before the arrival of the new government and the new department heads. Functional integration was implemented through the organisational framework (Ministerial Order of 26 January, published on 8 March 2000) and the orders of appointment of 15 May 2000. It is planned that once the reform has been completed and DGCI departments have been integrated into the Ministry, the post of special commissioner will be replaced by a post of director-general.

The transitional period between the former AGCD and DGCI was destabilising. In terms of human resources, DGCI lost just under 100 staff members in comparison with the former AGCD. The duties attached to these posts have been transferred since 1999 to the other general directorates in the Ministry of Foreign Affairs or to CTB. The main challenge facing DGCI is a qualitative one: to adapt and "reskill" part of the staff assigned to it in order to respond progressively to the thrusts of the new co-operation legislation and the new role that it is supposed to play. The new tasks often require different professional skills and experience from what was usual in the past. In order to meet the increasingly pressing need for specialised expertise, DGCI has in principle been authorised to recruit fifteen additional experts. But it is unsure exactly when this recruitment will take place. The government has also created a new framework of international co-operation attachés. They will represent Belgian co-operation in the 25 partner countries and in certain international organisations. Thus far, 30 persons have passed the examination and 23 of them have taken up their duties. Since the 82 positions originally planned had not been filled, it was decided to launch a second recruitment examination for attachés that will be held in early 2001, and to hire, on a contractual basis, assistant attachés who will replace the civil servant attachés in the vacant posts that have yet to be filled. When the system is fully operational, it should make it possible for some attachés to return to DGCI headquarters and thereby improve the relevance and effectiveness of policy and strategic approaches.

CTB

Belgian Technical Co-operation (CTB), a publicly owned social-purpose company, was established by a special law on 21 December 1998. CTB, of which the Belgian Federal State is the sole legal shareholder, has exclusive responsibility for formulating and implementing Belgian direct bilateral co-operation. A management contract has been concluded between the government and CTB. It describes in detail the responsibilities and obligations of both parties. This contract defines CTB's social purpose as follows:

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- To achieve the priority objectives of Belgian international co-operation.
- To improve its effectiveness by focusing on specific geographical areas, sectors and themes; qualitative improvement of direct bilateral ODA; greater professionalism in implementation; and efficient decentralised management.
- To ensure the continuity and sustainability of initiatives through a participatory methodological approach that promotes ownership.
- To implement active co-operation involving all co-operation actors through different local partnership structures.

CTB became operational in the second half of 1999. The transfer of co-operation programmes and projects previously under the supervision of DGCI began in October 1999 and should normally have been completed by the end of 2000.

The legislation and the management contract lay down CTB's tasks and responsibilities. In principle, it has exclusive responsibility for carrying out public service tasks in the field of direct bilateral co-operation, both inside and outside of Belgium. These include the preparation and implementation of programmes and projects, training of local staff, including support to the private sector, and management of scholarships and training programmes (irrespective of the Communities' responsibilities in this field). A number of points are still under discussion, such as CTB's responsibility in the field of budgetary aid and debt relief and the division of roles and responsibilities between CTB and the future BIO, a financial agency that will manage indirect aid as support to the private sector. CTB may also manage short-term emergency and reconstruction assistance granted under decisions of the Council of Ministers, and food aid. The specific tasks of CTB are as follows: i) exploratory studies carried out at the request of DGCI in order to identify new initiatives for direct and indirect bilateral and multilateral co-operation; ii) expertise and evaluation missions related to indirect bilateral and multilateral co-operation; iii) training of overseas staff; and iv) short-term emergency and reconstruction assistance granted in response to a request from an aid agency. CTB will also be empowered to carry out tasks entrusted to it by any corporate body under public law, whether Belgian (regions, communities, provinces, communes), foreign or international, provided that these tasks are of a public service nature and comply with the legal provisions regarding competition. Lastly, CTB can undertake its own initiatives that contribute towards its social purposes.

CTB is capitalised at FB 300 million (USD 6.9 million), in the form of fully paid shares allocated to the Federal State. It is financed primarily by billing the government monthly on a real-cost basis. In order to ensure that sufficient cash is available, the management contract defines a system of advances enabling CTB to pre-finance its activities. This is a necessity since, exceptional circumstances aside, CTB is not entitled to take out loans. To cover the company's management costs, the management contract provides for an advance contribution for each twelve-month period for three years from 30 April 1999 to 30 April 2002.

During its first year of activity, CTB has faced major challenges: to establish appropriate infrastructure (offices, equipment, logistics), to recruit competent and motivated staff for headquarters and work in the field, to take over the operations under way, to prepare progressively new projects in partner countries, and lastly to take over management of the scholarship holders on courses or in training

programmes in Belgium and partner countries. At the end of 2000, CTB had a staff of 80 at its Brussels headquarters. In partner countries, it has a resident representative in 21 of the 25 countries, and 28 people have been recruited to provide support to representatives' offices in these countries. A total of 102 co-operation experts are participating in projects and programmes, 87 of whom were already working in Belgian bilateral projects. CTB has also set up and equipped its offices abroad. At the end of 2000, CTB's main operational results could be summarised as follows: 170 on-going projects taken over, for a total value of FB 3 146 million; 36 initiatives in the planning stage taken over; and 419 scholarship applications processed in 1999, with an estimated 450 scholarship holders for the academic year 2000-01. Other results worthy of mention are: setting up the local offices of CTB representatives; laying the basis for dynamic management of human and financial resources and of administrative matters through a computer network linking CTB headquarters to its operations in the field; and defining in working groups the conceptual approach and methodology for planning, implementation and results-based management aimed at providing high-quality services. Nevertheless, some operational and administrative management problems remain to be solved. It is likely that the CTB management contract will be reviewed soon in the light of experience, and it is possible that the legislation and statutes governing CTB will be amended in order to take into account the latest institutional developments and the formation of the financing agency BIO.

Management procedures

Local co-management

Partnership, which has become one of the fundamental principles of international co-operation, must be reflected in practice in the financing mechanisms and the entire decision-making process. For many years, Belgium has been developing financing procedures making it possible to implement co-management in certain countries, such as Rwanda, Burundi and Burkina Faso. This approach is based on shared responsibility and joint management of operations. The focus is on ownership rather than donorship. The value of this approach and its impact on the long-term success of ODA are clear to the Belgian authorities. In Belgian co-management, the bulk of the financial resources allocated to the partner country are transferred directly to the partner government. The latter is no longer considered as a "recipient" but becomes fully responsible for development initiatives. In this case, the partner country is the prime contractor of the initiatives co-financed by Belgium, which reflects the desire for greater responsibility for national actors.

The principles of this co-management are being implemented through the following three main bodies:

- A joint commission composed of ministerial-level representatives of both countries, which acts as a policy body. It sets the broad aims of co-operation for a period of several years and determines the overall budget. The joint commission's work produces indicative programmes that take into account the overall budget available for the country, Belgium's geographic, sectoral and thematic strategies, and the development plan of the partner country. These programmes seek to strengthen local institutional implementation and management capacities; to ensure technical and financial viability after Belgian contributions stop; and to use a more effective and efficient method of implementation, placing the decision-making power as closely as possible to the target groups. Overall management is ensured by the national organiser, who is a member of the partner country's government, and by CTB's co-ordinator-representative. Together, they monitor the proper use of the funds made available.

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- A co-operation committee is then established for each initiative, which is composed of representatives of both partners. This committee is responsible for monitoring implementation and the use of resources. It must also ensure that initiatives are in line with the aims agreed upon in the joint commission.
- At local level, implementation and day-to-day management of initiatives are handled by a supervisory body, which most often consists of a national director for the partner country and a delegate for Belgium.

The PRIMA project cycle

The operational and administrative cycle comprising the stages of a project - identifying, preparing, negotiating, approving, monitoring and evaluating it - must be clear to all the Belgian actors and their partners in developing countries. This is particularly important since CTB was set up, so that all actors can have a common frame of reference and refer to the same integrated management process and the same requirements and quality standards. It was for this reason that a methodological document (PRIMA), intended primarily for direct bilateral co-operation, was prepared in 1999-2000 and provided an initial structure for the management contract between the government and CTB. This document is based on the former planning-by-objectives method but adapts and updates it (see Annex II on PRIMA, which defines its procedural and methodological features in 25 points).

Co-operation attachés

The reform established a new system of co-operation attachés, who will take over many of the responsibilities previously entrusted to the Belgian co-operation sections in partner countries. A total of 82 attachés, who will be assigned to the 25 priority partner countries, is proposed. Some attachés are to be assigned to New York, Geneva, Paris and Rome to liaise between Belgian co-operation and the multilateral institutions based in these cities. A group of 24 attachés will also be posted at DGCI headquarters on a temporary basis, in a system of rotation with work in the field.

The attachés' mission consists of: representing Belgian co-operation in dealings with partner countries and with other donors; contributing actively to co-ordination between donors; maintaining contact with recipient groups in partner countries; playing an active and dynamic role in dialogue with partner countries in order to prepare co-operation programmes; providing support in identifying projects and analysing their relevance to development, in conjunction with partner countries; monitoring the formulation and execution of projects, again in conjunction with partner countries; approving and monitoring micro-projects and local scholarships; and monitoring the activities of indirect actors and multilateral co-operation in the countries concerned. However, the direct management of direct bilateral co-operation programmes and projects has been taken over by CTB.

Challenges to implementing the reform and refocusing activities

The implementation of a reform of this scope has inevitably raised a number of problems. Firstly, in 1997 the reform was the outcome of a political compromise negotiated by the previous government,

without all the main actors being consulted beforehand. It took longer than expected for the reform to become operational, causing some loss of motivation on the part of DGCI staff, who were faced with a process of major administrative change that was hard for a government department to assume.

Consequently, there is a real risk that DGCI's best qualified staff, who have the greatest operational experience in international co-operation, will increasingly lose their motivation and systematically look for other jobs outside DGCI. If this were to occur, it would lead to a loss of stability and institutional memory that would make it very hard to capitalise on the experience and lessons of the past. This would prevent DGCI from realising its aim of playing a major strategic role, as it would qualitatively weaken the very demanding process of preparing new geographical and sectoral policies and strategies, and reduce the effectiveness of CTB's activities. It goes without saying that the prospect of the "defederalisation" of bilateral ODA is a further serious factor that might have a devastating impact on DGCI, and even CTB, long before the date planned for the transfer of federal responsibilities to the regions and communities (2004).

At another level, it must be pointed out that over the past decade the amount of ODA devoted to government-to-government direct bilateral co-operation has continued to decline. As a result, only a dozen countries received aid of over FB100 million (USD 2.8 million) in 1998. This ranks Belgium among the small donors, except in the Democratic Republic of the Congo and Rwanda. While an effort towards geographical concentration has been under way since the new law on international co-operation was passed in 1999, the Belgian administration still manages over 300 projects in some forty countries. Although the number of technical experts sent abroad has decreased significantly, and bilateral co-operation has begun to diversify its forms and instruments somewhat by implementing a limited number of sectoral and budgetary aid initiatives, the fact remains that the main thrust of bilateral aid continues to concern individual projects. Lastly, because of the successive reforms and the instability of institutions and staff, the standardisation of methods for preparing and monitoring programmes and projects could be much improved.

In countries where the level of public management warrants it, Belgian co-operation is in principle willing to adopt a more sectoral and programme-based approach. It recognises that in theory budgetary support should respect the partner country's dignity and ownership as much as possible. Furthermore, administrative management costs are generally lower, so that a larger share of the funding actually benefits the partner country. Budgetary support will nevertheless be subject to requirements regarding monitoring of the allocation of financial resources and, where appropriate, back-up by consultants. However, the progressive introduction of this approach will require a considerable adjustment on the part of an administration that is still unused to this approach, and is subject to legal and administrative regulations that are not in line either with its spirit or with its practice.

Results and performance

The Royal Decree of 4 May 1999 appointed the special evaluator. He is attached to the General Secretariat of the Ministry of Foreign Affairs, and reports directly to Parliament. He is responsible for evaluating all activities funded under Belgian ODA. He became operational in the second half of 1999. Immediately upon taking up his duties, he undertook a preliminary study and prepared an evaluation plan for 2000. He developed a working methodology and expects to obtain the results of the initial series of activities by mid-2001. The main objective of the 2000 programme is to assess the impact of Belgian initiatives on alleviating poverty. The work programme for 2000 comprises six components, covering 18 projects: i) women and development (5 projects); ii) rural development (2 projects); iii) rural development (1 programme = 3 projects); iv) health (1 project and 1 programme covering

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5 countries); v) social capital (5 programmes); and vi) country study (Vietnam). For 2000, the evaluator's office had a budget of FB 60 million (USD 1.37 million).

In the reform of Belgian co-operation, at the request of Parliament, the post of special evaluator was created outside the structure of DGCI in order to secure his independence. But there was no provision for any internal evaluation function within DGCI and CTB; as a result, the evaluation department that was part of the former AGCD studies and evaluation directorate was simply abolished. This is a major handicap, with serious implications. Firstly, a modern evaluation system should not be based exclusively on an independent unit outside the operational and administrative decision-making structures. On the contrary, the evaluation system should normally cover the entire cycle of a project or programme, from its inception to its completion. An evaluation system aimed at assessing the relevance, efficiency and effectiveness of aid should ensure that the independent evaluation is supplemented by internal evaluation and monitoring by the departments responsible for preparing and implementing operations. This is the case in some DAC countries. Both kinds of evaluation bodies, while respecting their different roles and responsibilities, should be able to co-operate and mutually influence each other in order to help create a genuine "results-based culture" within the Belgian aid administration. Secondly, the lack of an internal evaluation unit within DGCI (and CTB) makes it impossible to carry out any systematic monitoring and strategic control of the intermediate results of ongoing programmes and projects, including the extent to which they contribute to achieving international development objectives. In such a situation, it is virtually impossible to ensure that the quality control of aid activities is conducted on the basis of standardised procedures and indicators. Thirdly, an internal evaluation unit within DGCI would allow strategic guidance of future evaluation work by incorporating the analysis of sectoral policies and programmes and country programmes, and by making it possible to guide present and future operational choices better in the light of priorities and the operational timetable. Lastly, at least in its initial phase, the special evaluator's office appears to be emphasising the formal independence of evaluation, as an external audit. This was shown in particular in the way the evaluations themselves were performed, generally without prior consultation with the main Belgian and local actors concerned and relying largely on outside consultants. Without corrective measures, it is highly likely that one of the main objectives of any evaluation system, taking account of lessons learned, in Belgium and abroad, will not be achieved.

It can therefore be concluded that Belgium does not at present have a coherent and comprehensive system for evaluating its aid results and performance that is consistent with the relevant DAC guidelines and would make it possible to measure the extent to which its aid contributes overall to achieving the international development goals. The current system is too focused on the work of a single person, the special evaluator, who is invested with a formal power of evaluation which, given the circumstances, seems questionable and ineffective. In this way, he will find it difficult to play the role of catalyst and guide for future choices that he claims, because his links with decision-makers and those in charge of the system in DGCI and CTB are structurally too weak or even non-existent. The objective of measuring results and performance is sufficiently important to be based on a methodology and approaches that have been discussed beforehand and accepted as valid by all actors in the aid and evaluation systems. It is only if this condition is met that independent evaluation can fully play its role of providing a critical analysis of the past and present that can be used to guide future choices, decisions and practices.

CHAPTER 5

AID IMPLEMENTATION: FIELD OPERATIONS

Country strategies and aid programming

During their field visits, the Secretariat and examiners found that country strategies and aid programming were in a state of transition. The lack of country strategies had certainly been one of the weak points of the Belgian aid system prior to its reform. The reform makes such strategies mandatory, though they are only just starting to be drawn up.

Country strategies

Article 6 (2) of the law of 25 May 1999 made country strategies mandatory for direct bilateral co-operation:

- “A strategic note setting out the development strategy for each partner country shall be drawn up in accordance with the procedure laid down by the Crown”.
- “These notes shall be forwarded with the opinion of the Federal Council for Sustainable Development to the Chamber of Representatives and the Senate, in accordance with the procedure laid down by the Crown”.
- “They shall be evaluated and updated every four years to reflect changes in the context of international co-operation, in accordance with the procedure laid down by the Crown”.

The Secretary of State for Development Co-operation drew the consequences of this statutory obligation, at four levels

- “First, it was decided that a strategic note would be presented to Parliament within the next 24 months, for each of the 25 partner countries (and each sector and theme). These papers would reflect the priorities of Belgium’s co-operation policy”.
- Second, new general co-operation “conventions” setting out the framework for co-operation would be negotiated with the 25 partner countries and submitted to Parliament for ratification before the end of the legislature.
- It was also decided to organise joint commissions or meetings at the policy level with the 25 partner countries in order to improve understanding of those countries. During the

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- legislature, the working of the joint commissions would be evaluated and the possibility of involving Belgium's partners and developing countries more closely in the organisation of these bilateral meetings would be examined.
- A financial plan would be drawn up for each country at the start of the programming cycle. Flexible ongoing mechanisms will enable funding to be reallocated in the light of changes in the programmes, projects and priorities of partner countries.

By the end of 2000, strategic notes had been prepared on the old format for the Côte d'Ivoire and the Philippines, but the only note the Secretariat saw was that for Vietnam, which was presented during the bilateral consultations in March 1999 in Brussels. While the fact that such a note has been drawn up is unquestionably a step forward, the way in which it was done leaves something to be desired, since it seems to have been drawn up essentially in Brussels without any prior consultation of Vietnamese partners apart from the government level. The note was submitted to the Vietnamese representatives at these consultations, and they are considered to have approved it implicitly. But the strategy proposed does not seem to have been mentioned either by the Vietnamese or the Belgian participants during the joint commission meeting in Hanoi in July 2000. This meeting did address the 2001-2003 programme however. There is thus still some way to go to ensure that the country strategies are prepared jointly, that civil society (both Belgian and Vietnamese) is involved, and that the preparation of the note is an interactive process. The new country strategy notes provide for this.

In this connection, a provisional version of the DGCI's handbook dated September 2000 states that the regional directorates (D14 to D17) are responsible for finalising the country strategy papers but that the co-operation attachés also give their input. It is difficult to prejudge the procedure for drawing up the future country strategy notes, or their eventual content. The question of whether the primary responsibility for drawing them up lies with the DGCI in Brussels or with the attachés remains for the moment without a clear answer. It is planned that the notes will be negotiated with the partner countries and approved by the joint commissions, but the mechanisms for ensuring that the local authorities and civil society are involved in the actual drafting needs to be spelled out more explicitly.

The content of the country strategy for Vietnam is fully in line with the DAC strategy. After a description of the aid programme of Belgium and the international community, the note reviews Vietnam's performance and recalls its priorities -- rural development and social sectors. It highlights partnership and poverty reduction as the absolute priorities for Belgian co-operation. It also stresses the need to move progressively from a project-based approach to a more coherent, multi-sectoral approach, especially in rural areas, with a particular emphasis on social sectors and the environment.

Financial programming

The decision was taken to draw up a financial programme for each country in the future. The DGCI's handbook states that the regional services prepare and finalise the indicative co-operation programmes with each of the 25 partner countries, in close collaboration with the co-operation attachés in those countries. These programmes are drawn up with the other directorates in the Ministry of Foreign Affairs after CTB has given its mandatory opinion. They are submitted to the Secretary of State for approval and then negotiated and made official by the joint commissions. Existing programmes may be adapted at the technical meetings with partner countries (monitoring committees).

These decisions are welcome since it has always been very difficult for the partner countries to have a clear, year-by-year picture of projected flows of Belgian aid. Even when the decision had been taken, in the monitoring committees in particular, to continue an ongoing project, or to initiate one from the list of new projects, it took so long to appraise and start projects that the funds for them were often disbursed much later. The decision to introduce proper financial planning thus marks a step forward, provided that it is put into effect.

At this stage, however, everything suggests that it will be difficult to put detailed programming into practice. This is was illustrated by the meeting of the monitoring committee on Niger at the beginning of July 2000: all it produced was a list of a few projects without figures for estimated commitments or disbursements. Similarly, at the meeting of the joint commission on Vietnam at the end of July 2000, only the estimated global amount of direct bilateral co-operation was mentioned: the Secretary of State for Development Co-operation said that it would rise from BF 550 million to BF 900 million for the next three years (2001-2003). This information was supplemented by a list not specifying the costs of ongoing projects which would be continued, and of new projects envisaged. The transfer of aid implementation to CTB will perhaps make it possible to improve planning in the future, this being essential if projects are to be managed properly.

Aid programming will probably be confined to direct bilateral aid, which is likely to limit its impact. Programming will become even more random, or even impossible, if all bilateral aid is effectively devolved to the Communities and Regions.

Relations with local partners

Relations with partners in recipient countries

Belgian co-operation emphasises partnership with recipient countries. Among the basic principles of its development co-operation are the promotion of human rights and participatory development. The first of these principles corresponds in fact to “empowerment”, which involves ensuring that individuals and groups know their rights, that they participate in democratic forms of organisation with a view to action, to exercising influence and to increasing their chances of gaining access to resources and institutions. Belgium’s co-operation strategy has the clearly stated objective of strengthening the rights and powers of the weakest: it “must link empowerment closely to the principle of participation” and “the various forms of empowerment of individuals, groups and authorities form a key strategic strand of Belgian co-operation programmes”.

The emphasis on participatory development must translate into the “active participation of the beneficiaries -- men and women -- directly concerned by co-operation programmes, which will be encouraged right from the programme identification phase and continued throughout the phase of translating identified needs into development objectives, thereby helping to ensure that development activities are sustainable”. Co-operation programmes will be drawn up further to consultations with the recipients, who will have expressed their needs freely and, more specifically, the problems they encounter, and on the basis of initiatives and solutions that they will have proposed themselves.

This is why the Belgian aid system attaches great importance to working with decentralised bodies in the partner country; such partnership is a corner-stone of its co-operation. By working with decentralised bodies and actors (local authorities, local communities, non-governmental organisations), it is usually possible to get closer to target communities and to respond more flexibly

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to their needs. Social forces and the authorities must therefore be involved right from the programme identification and implementation phase.

Furthermore, Belgium seeks to evaluate the various forms of partnership in conjunction with the development agendas of the countries concerned, both as regards project and programme implementation, policy dialogue and the setting of priorities. It therefore decided to adopt a differentiated approach, dividing developing countries into three categories according to the closeness of the partnership.

The first category comprises countries that are making a big effort to implement sustainable development policies and which would be encouraged by rapidly-available programme aid (budgetary support) combined with policy support where it seems necessary. The second category comprises countries in which the quality of governance and institutions leaves something to be desired; for these countries, the emphasis is rather on policy support. Depending on the situation, Belgian co-operation will seek to strengthen government at various levels, to target aid at social sectors, or to support organisations or social forces which advocate improving development policy and good governance. The third category comprises countries which are in a permanent, often structural, crisis, characterised by violence, war -- civil or otherwise, ethnic conflict or repression of minorities. A normal partnership is impossible with such countries. Instead, the approach has to be differentiated, with security and conflict management paramount and Belgian co-operation co-ordinated with the action of multilateral agencies and non-governmental organisations.

The field visits made it possible to establish that these principles are, by and large, put into practice. Belgian co-operation workers usually have good relations with the authorities and civil society. The projects visited visibly give a large place to the expectations and desires of the recipients, which are taken into account from the moment the projects are conceived. Likewise, the adjustments that are made during subsequent phases are usually in response to the recipient's comments.

Relations with other donors

One of the basic principles of Belgian aid is that the development policies of donor countries and agencies should as far as possible be mutually consistent. "Donors' procedures, policy options and strategies should be co-ordinated, which means that each donor has to agree to give up part of its prerogatives".

Many stake-holders are involved in development co-operation. Belgium is striving to achieve greater complementarity between their contributions and distinctive identities, which involves ensuring that tasks are properly co-ordinated in the field. It recognises that responsibility for co-ordination should lie first and foremost with the recipient countries but considers that in practice it is rarely the case, and that they should therefore be encouraged to do so.

In practice, the field representatives of bilateral and multilateral donors that the examiners met were, by and large, satisfied with the way the representatives of the Belgian aid system approached co-ordination (and in particular with the way they co-ordinated with them). It may merely be regretted that the small sectoral weight of Belgian aid, as well as the inadequacy of its human resources, seldom allow it to play a leading role in sectoral working groups. Under the aid reform being implemented by Belgium, the co-operation attachés will be primarily responsible for co-ordination, the bulk of which

is done before a project is implemented. But given the size and variety of their responsibilities, it is to be feared that they will not be able to devote as much time to co-ordination as the old co-operation services, which also had sectoral responsibilities which unfortunately are going to disappear with the reform.

As regards multilateral co-operation, Belgium is a member of the European Union, and thus wants to harmonise its policy initiatives to promote sustainable development in the South more closely with those of the EU. It intends to contribute to efforts to improve co-ordination and achieve more consistency, in particular by referring explicitly in the country strategy notes to the development policies of the European Union and other member countries, and by giving the new field representatives of Belgian co-operation clear instructions regarding field co-ordination with their counterparts from the European Union and other Member countries.

Outside the European framework, Belgium endorses the World Bank initiative to put in place an integrated development strategy. It considers that “single development models need to be replaced by more complex, multidimensional strategies” and that “efforts to combat poverty will bear fruit only if they address the problem in all its complexity and the linkages between all the areas involved”, which is the philosophy and general approach underpinning the World Bank initiative. Co-ordination with the World Bank is usually good, as it is with the UNDP and UN agencies, and the FAO in particular.

Development of a sectoral approach

A programme-based or sectoral approach

The 1998 law provides that a development strategy will be drawn up for each priority sector as defined by the 1999 law. This is the basis on which Belgium would like to develop a programme-based approach both for bilateral direct co-operation and indirect co-operation (with NGOs). The Belgian conception of a programme-based approach encompasses both budgetary support and what is usually called a sectoral approach.

Belgian bilateral co-operation is still primarily characterised by a project approach. It is therefore proposed that, in those countries where the quality of governance permits it, Belgian co-operation should gradually adopt a programme approach, and that budgetary support should be extended, which amounts to accepting the principle that Belgian aid be merged in the total pool of resources provided by donors.

Situation in the field

The field visits showed that the sectoral approach is still only starting to get off the ground. However, there is a problem of critical mass with Belgian aid due to the fact that, relatively speaking, Belgium is usually a small donor in each of the 25 priority countries and regions and its aid is still spread between a large number of projects and sectors. The number of sectors should be reduced to only two or three per recipient country given the financial and human resources actually available.

Paradoxically, the emphasis on a sectoral approach comes at the very time the sectoral specialists who used to work in the field for the old co-operation sections are disappearing. If Belgium really commits itself to a sectoral approach, the problem of who will actually participate in the design and monitoring

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of sectoral programmes will inevitably arise. There is no guarantee that co-operation attachés or CTB's resident representative will have the necessary competencies in the sector concerned.

To date, there do not seem to be any examples of Belgian participation in sectoral programmes, though it would be possible in a reasonably short time in a country like Vietnam. Admittedly, aid in the form of budgetary support was provided to Niger in 2000, but not within a sectoral framework, since it served, along with that from other donors (Denmark, France and the World Bank) to pay over-due wages in the civil service. It was nonetheless very useful.

Project implementation

The basic principle: co-management

From the early 1990s, Belgium put in place a co-management procedure which in principle has become the norm though in some cases the entire project may be contracted out without DGCI involvement. This procedure is used only for direct bilateral co-operation. The principle of co-management in the broad sense implies that at the preliminary stage, before a project is implemented, primary responsibility for identifying projects and programmes lies with the partner country, with the possibility of input from the DGCI or CTB. For example, they could finance the first pre-feasibility or feasibility studies (very often, there are funds earmarked for this purpose). This preliminary phase then has to be dovetailed into the framework of an indicative development programme drawn up jointly by the two countries and validated in the joint commissions. The selected projects must correspond both to Belgium's aid strategy -- from the sectoral, thematic and geographical standpoints - - and to the partner country's national development strategy.

Once the decision has been taken to fund a project, the aim of co-management is to ensure that the relevant body in the partner country is legally, technically and financially responsible for it. The body will manage the technical and financial resources provided by Belgium, which means that the head of the project is usually the head of the body (directorate in a ministry, local authority, public establishment, enterprise, etc.). This is conducive to promoting local ownership of the project, given that the local management is usually supported by a co-operation worker -- Belgian most often -- who manages the project resources jointly with the partner. In particular, it means that he approves tendering and contract procedures, etc., and co-signs all the financial documents. On the face of it, this system is more conducive to promoting local ownership of aid than that of project management units (or project implementation agencies), which operate essentially with expatriate personnel and are still favoured by a number of DAC Members.

CTB and the reform of the aid system

The reform of the aid system, which on the Belgian side transferred project implementation to CTB, has led to the adoption of more formal procedures at the various stages of implementation. Prior to a decision being taken by the policy body i.e. the joint commission, responsibility for general aid management will lie with a national authorising officer -- the Minister for International Co-operation or another member of the partner country's government -- and by the co-operation attaché.

For each project, it is planned to put in place a consultative committee comprising representatives of both partners, whose first task will be to determine whether the project is relevant. This committee will then gradually become a formal, joint structure -- a “*structure mixte de concertation locale*” (SMCL) comprising representatives of local policy-making, administrative, scientific and technical institutions, representatives of local aid recipients, the co-operation attaché and CTB’s resident representative. Its role and functioning will be specified in the “convention” drawn up for each project. The SMCL will supervise project implementation and the use of resources, and evaluate the project while it is going on, in particular the degree to which it conforms to the specifications laid down by the joint commission. It will enable mistakes to be rectified or modifications to be made (while remaining within the budget fixed by the “convention”, though the later may be reviewed). The SMCL must not get involved in day-to-day management, for which the project manager or director of the project remains responsible, in liaison with the Belgian technical advisor co-managing the project.

Within the framework of the management contract concluded with the DGCI, CTB ensures that direct bilateral co-operation is conducted in accordance with the PRIMA project cycle method. Each cycle comprises four phases: identification, design, implementation and ex post evaluation, it being understood that CTB is not directly involved in project identification, which on the Belgian side is the responsibility of the DGCI and the co-operation attachés. Implementation proper (phase three) comprises all the activities and operations involved in putting co-operation into practice. In principle, it is monitored and self-evaluated by an internal monitoring system (reporting system). The partner country and the DGCI, via the co-operation attachés, are responsible for external monitoring. Besides interim and final evaluations, CTB also carries out ex post internal evaluations. Ex post external monitoring is done by the Belgian government, via the special evaluator. The challenge posed by the creation of an integrated, standardised monitoring and evaluation system has already been mentioned in Chapter 4.

CTB has also decided to use a logical framework that makes it possible to present project objectives and their impact in systematic fashion, to check whether objectives have been met, and to identify the external factors that affect the success of a project. This framework is used for: drawing up the detailed budget and allocating responsibilities; drawing up the project timetable, and the monitoring plan, which monitors implementation against objectively verifiable indicators; writing the various progress, inspection and evaluation reports.

Project implementation in practice

As regards day-to-day implementation, local partners complain that the main problem of Belgian co-operation has always been the long time it takes to do anything due to the cumbersome nature of decision-making processes. This problem is encountered at every stage: between the identification of a project and the decision to finance it, between that decision and the signature of the project “convention”, between that formality and the first disbursement of funds, between the decision to carry out a second phase and the release of new funds for it, etc. In the past, it took on average 105 days, or three and a half months, to pay a supplier’s invoice. The main reason for this, despite co-management and decentralisation, was the limited delegation of responsibilities. At every stage of the project, the Belgian authorities (the old AGCD, for example the Inspector of Finance responsible for the financial oversight of projects) retained the right to intervene, to authorise or not to object.

Belgium

The transfer of responsibility for implementing projects to CTB should eventually speed up decision-making processes. But initially the effect has been to increase the time it takes to pay invoices by a month, to 135 days. As result, CTB has had serious cash flow problems. A system of quarterly advances, with the provision of supporting documents at regular intervals, has been introduced to deal with this problem, but it seems that it will still take six weeks to pay invoices. The problem of slow, unwieldy procedures has still not been resolved. Above a certain amount, prior authorisation is still required for selecting bidders or signing contracts.

The flexibility of CTB should eventually improve the situation. Up to now, however, in seeking to speed up project cycle management, CTB has had contractual control only over part of the process. Its greater speed has had no impact on the time the SMCL takes to identify projects and evaluate their relevance, nor on the approval procedure by the policy-making and budgetary authorities in Brussels. Its resolve to decentralise can be expressed only in regard to its own staff. The management contract it signed with the DGCI emphasises decentralisation but no concrete steps to achieve it seem to have been taken by the Ministry of Foreign Affairs. A further element of uncertainty is the status of CTB's staff. Up to now CTB has functioned virtually exclusively with contract staff, but a recent ruling by the Conseil d'Etat stated that in future the bulk of its staff should have civil servant status. This could make it less flexible.

Effective project implementation will in future hinge to a large extent on good field co-ordination between the co-operation attachés and CTB's resident representatives. Indeed, the delay in appointing attachés in some countries could have repercussions on the number of projects identified, which then have to be designed by CTB, and have a negative impact on the size of the project portfolio and thus on the volume of Belgian bilateral aid. Field co-ordination between the co-operation attachés and CTB's resident representatives should take place within the framework of the SMCL and ongoing bilateral consultation. But it seems essential to delegate more responsibilities in the field, which could only increase the ownership of aid by the recipients. CTB wants the principle of subsidiarity to be applied, which means that everything that can be decided locally is so, but there still seems to be some resistance to the idea in Brussels, which needs to be overcome. The quality of Belgian aid could only gain from it.

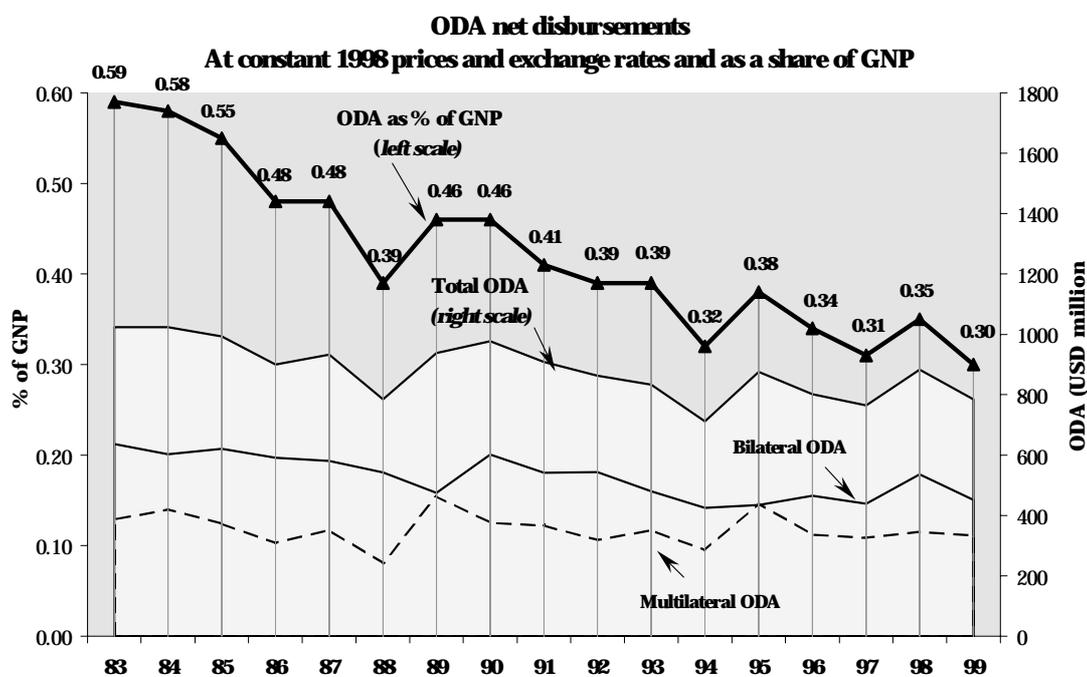
ANNEX I
STATISTICS OF AID AND OTHER FLOWS

Belgium

Table I.1. Total financial flows
USD million at current prices and exchange rates

Belgium	Net disbursements						
	1983-84	1988-89	1995	1996	1997	1998	1999
Total official flows	610	1 049	1 389	1 074	818	1 112	757
Official development assistance	463	652	1 034	913	764	883	760
Bilateral	281	386	514	530	438	537	437
Multilateral	182	266	520	384	326	346	323
Official aid	n.a.	n.a.	89	70	59	68	82
Bilateral			14	14	11	3	6
Multilateral			75	56	48	66	75
Other official flows	148	397	265	91	- 5	161	-84
Bilateral	149	354	265	91	- 5	161	-84
Multilateral	- 2	43	-	-	-	-	-
Grants by NGOs	10	14	63	60	40	36	79
Private flows at market terms	1 521	560	-1 295	8 656	3 174	23 111	22 370
Bilateral: <i>of which</i>	1 504	601	-1 295	8 656	3 174	23 111	22 370
Direct investment	39	544	310	630	1 080	2 140	2 102
Export credits	129	- 172	- 297	- 194	- 338	-342	- 59
Multilateral	17	- 41	-	-	-	-	-
Total flows	2 141	1 623	156	9 789	4 032	24 259	23 205
<i>for reference:</i>							
ODA (at constant 1998 \$ million)	1 024	862	875	802	764	883	785
ODA (as a % of GNP)	0.58	0.43	0.38	0.34	0.31	0.35	0.30
Total flows (as a % of GNP) (a)	2.69	1.06	-0.09	2.11	-4.32	3.08	2.21

a. To countries eligible for ODA.



Source: OECD.

Table I.2. ODA by main categories

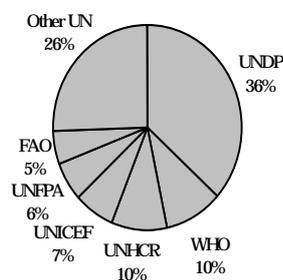
Belgium	Constant 1998 USD million					Per cent share					Total DAC 1999%
	1995	1996	1997	1998	1999	1995	1996	1997	1998	1999	
	Bilateral	467	499	477	561	481	51	60	59	62	
Project and programme aid											
Grants	53	54	37	32	38	6	6	5	4	5	12
Loans	16	35	17	15	13	2	4	2	2	2	16
Technical co-operation	249	251	259	290	285	27	30	32	32	35	21
Developmental Food aid (a)	14	15	9	21	1	2	2	1	2	0	2
Emergency and Distress relief (a)	13	21	37	20	36	1	3	5	2	4	7
Action relating to debt	53	55	55	122	40	6	7	7	13	5	4
Core support to NGOs	5	4	3	6	6	1	0	0	1	1	2
Administrative costs	43	42	39	44	50	5	5	5	5	6	5
Other grants	21	23	22	13	13	2	3	3	1	2	2
Multilateral	443	339	329	347	340	49	40	41	38	41	30
UN agencies	40	43	40	32	38	4	5	5	4	5	6
EC	180	164	191	195	225	20	20	24	22	27	8
World Bank group	181	96	62	48	48	20	11	8	5	6	5
Regional development banks (b)	8	6	3	38	8	1	1	0	4	1	7
Other multilateral	33	31	32	34	20	4	4	4	4	2	3
Total gross ODA	910	838	806	908	822	100	100	100	100	100	100
Repayments	- 34	- 35	- 41	- 26	- 37						
Total net ODA	875	802	764	883	785						
For reference:											
Aid channelled through NGOs	-	-	-	-	-						
Associated financing (c)	-	-	-	4	-						

a. Emergency food aid included with Developmental Food Aid up to end 1995.

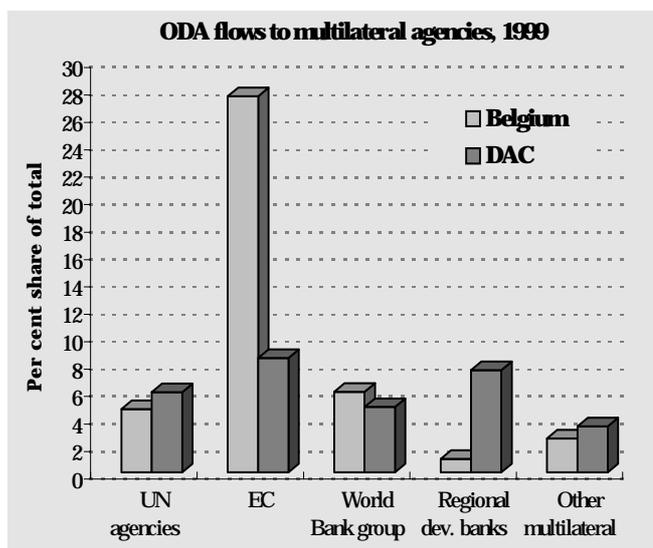
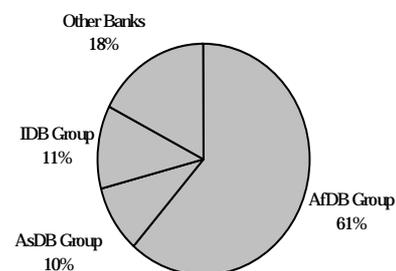
b. Excluding EBRD.

c. ODA grants and loans in associated financing packages.

UN Agencies
(1998-99 Average)



Regional Development Banks
(1998-99 Average)

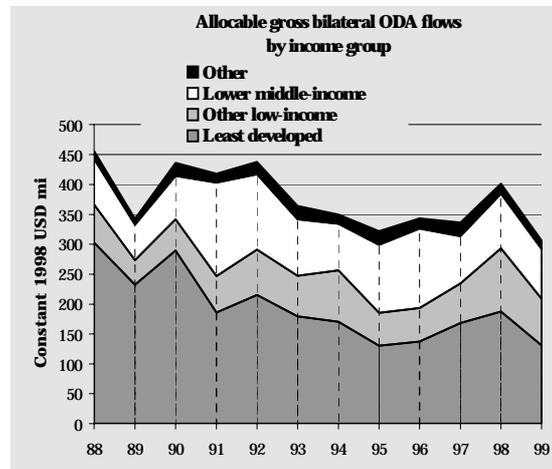
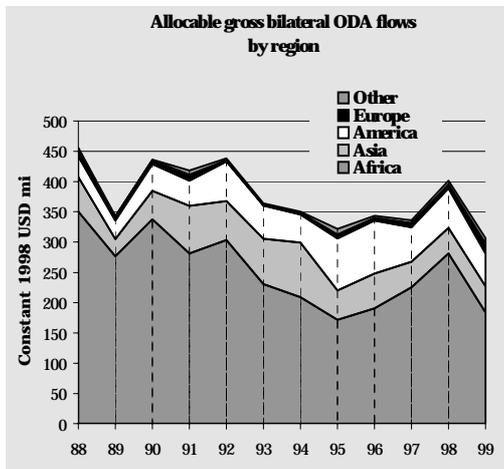


Source: OECD.

Table I.3. Bilateral ODA allocable by region and income group

Gross disbursements

Belgium	Constant 1998 USD million					Per cent share					Total DAC 1999%
	1995	1996	1997	1998	1999	1995	1996	1997	1998	1999	
Africa	172	190	225	282	184	53	55	67	70	60	33
Sub-Saharan Africa	155	161	205	260	164	48	47	61	65	53	26
North Africa	17	29	21	21	20	5	9	6	5	7	7
Asia	48	58	42	42	43	15	17	13	10	14	39
South and Central Asia	9	5	7	6	8	3	1	2	2	3	12
Far East	39	53	35	36	34	12	16	10	9	11	27
America	86	87	57	66	55	27	25	17	16	18	13
North and Central America	16	10	21	12	15	5	3	6	3	5	6
South America	70	77	36	53	39	22	23	11	13	13	7
Middle East	9	3	5	6	9	3	1	1	2	3	4
Oceania	0	0	0	0	0	0	0	0	0	0	4
Europe	7	4	7	6	16	2	1	2	1	5	7
Total bilateral allocable	322	343	336	401	307	100	100	100	100	100	100
Least developed	130	137	169	188	131	40	40	50	47	43	22
Other low-income	55	56	66	106	78	17	16	20	26	25	30
Lower middle-income	114	133	79	91	83	35	39	23	23	27	40
Upper middle-income	22	17	23	17	15	7	5	7	4	5	5
High-income	0	0	0	0	0	0	0	0	0	0	3
More advanced developing countries	1	0	-	-	-	0	0	-	-	-	-
For reference:											
<i>Total bilateral</i>	467	499	476	561	481	100	100	100	100	100	100
<i>of which: Unallocated</i>	145	155	140	160	174	31	31	29	28	36	23



Source: OECD.

Table I.4. Main recipients of bilateral ODA

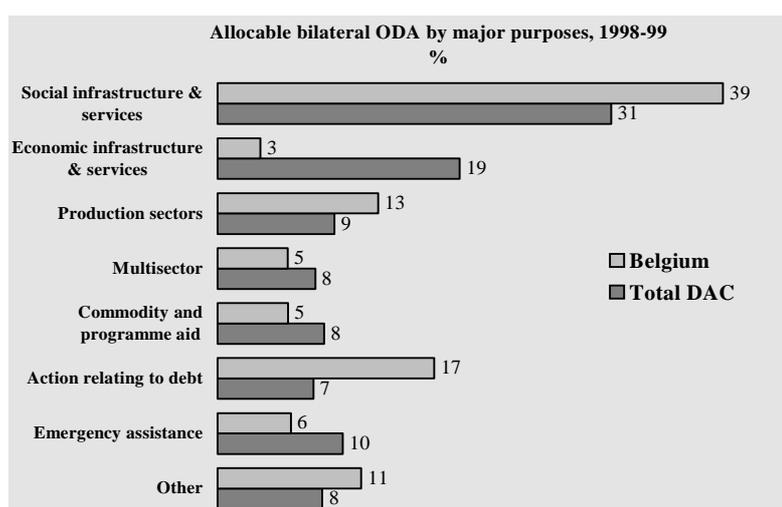
Belgium	1988-89				1988-89			1988-89			
	Current USD million	Constant 1988 USD mn	Per cent share		Current USD million	Constant 1988 USD mn	Per cent share	Current USD million	Constant 1988 USD mn	Per cent share	
Congo, Dem Rep.	116	153	38	Rwanda	33	33	9	Tanzania	41	42	12
Rwanda	28	37	9	Congo, Dem Rep.	30	30	8	Congo, Dem Rep.	24	24	7
Burundi	17	23	6	Burundi	23	23	6	Rwanda	22	22	6
Indonesia	12	16	4	Viet Nam	21	20	6	Côte d'Ivoire	20	20	6
Cameroon	10	13	3	Tanzania	15	15	4	Bolivia	18	19	5
Top 5 recipients	184	242	61	Top 5 recipients	122	122	34	Top 5 recipients	126	127	36
China	8	11	3	Indonesia	14	14	4	Cameroon	14	14	4
Senegal	7	10	2	Ecuador	10	10	3	Viet Nam	12	12	3
Turkey	7	9	2	Morocco	8	8	2	Senegal	10	10	3
Niger	6	7	2	Bolivia	8	8	2	Tunisia	9	9	3
Tanzania	6	7	2	China	8	8	2	Burkina Faso	8	8	2
Top 10 recipients	218	287	72	Top 10 recipients	171	171	48	Top 10 recipients	179	181	51
Ethiopia	5	7	2	Côte d'Ivoire	8	8	2	Philippines	8	8	2
Zambia	4	6	1	Tunisia	8	8	2	Ecuador	7	8	2
Côte d'Ivoire	4	6	1	Zambia	7	7	2	Kenya	7	7	2
Morocco	4	5	1	India	7	7	2	Niger	7	7	2
Bolivia	4	5	1	Senegal	7	7	2	Morocco	7	7	2
Top 15 recipients	230	315	79	Top 15 recipients	208	208	58	Top 15 recipients	215	218	62
Ecuador	4	5	1	Bangladesh	7	7	2	Burundi	6	6	2
Tunisia	3	5	1	Kenya	7	7	2	China	6	6	2
Kenya	3	4	1	Thailand	6	7	2	Ethiopia	5	5	2
Peru	3	4	1	Philippines	6	7	2	Uganda	5	5	2
Thailand	3	4	1	Cape Verde	6	6	2	Palestinian Adm Areas	5	5	1
Top 20 recipients	256	337	84	Top 20 recipients	240	242	67	Top 20 recipients	242	245	69
Total (113 recipients)	308	399	100	Total (122 recipients)	356	357	100	Total (111 recipients)	349	354	100
Unallocated	99	131		Unallocated	119	120		Unallocated	164	167	
Total bilateral gross	402	530		Total bilateral gross	476	477		Total bilateral gross	513	521	

Source: OECD.

Belgium

Table I.5. **Bilateral ODA by major purposes**
at current prices and exchange rates

Belgium	Gross disbursements, two-year averages						Total DAC per cent
	1988-89		1993-94		1998-99		
	USD million	Per cent	USD million	Per cent	USD million	Per cent	
Social infrastructure & services	195	48	144	31	186	39	31
Education	95	24	62	13	59	13	10
of which: basic education	-	-	1	0	2	0	1
Health	39	10	37	8	59	13	4
of which: basic health	-	-	4	1	24	5	2
Population programmes	15	4	23	5	2	0	2
Water supply & sanitation	11	3	10	2	9	2	5
Government & civil society	26	6	11	2	30	6	5
Other social infrastructure & services	10	2	1	0	27	6	5
Economic infrastructure & services	52	13	38	8	16	3	19
Transport & storage	29	7	8	2	4	1	9
Communications	6	2	2	0	4	1	1
Energy	16	4	9	2	1	0	6
Banking & financial services	1	0	18	4	4	1	1
Business & other services	0	0	-	-	2	1	2
Production sectors	101	25	87	19	59	13	9
Agriculture, forestry & fishing	49	12	54	12	45	10	7
Industry, mining & construction	32	8	21	5	12	2	2
Trade & tourism	21	5	12	3	3	1	0
Other	-	-	-	-	-	-	0
Multisector	8	2	84	18	26	5	8
Commodity and programme aid	8	2	20	4	26	5	8
Action relating to debt	8	2	41	9	80	17	7
Emergency assistance	2	0	17	4	27	6	10
Administrative costs of donors	30	7	33	7	46	10	6
Core support to NGOs	0	0	3	1	7	1	2
Total bilateral allocable	403	100	466	100	473	100	100
For reference:							
Total bilateral	419	61	467	59	513	60	71
of which: Unallocated	16	2	0	0	40	5	5
Total multilateral	267	39	320	41	339	40	29
Total ODA	686	100	786	100	852	100	100



Source: OECD.

Table I.6. Comparative aid performance

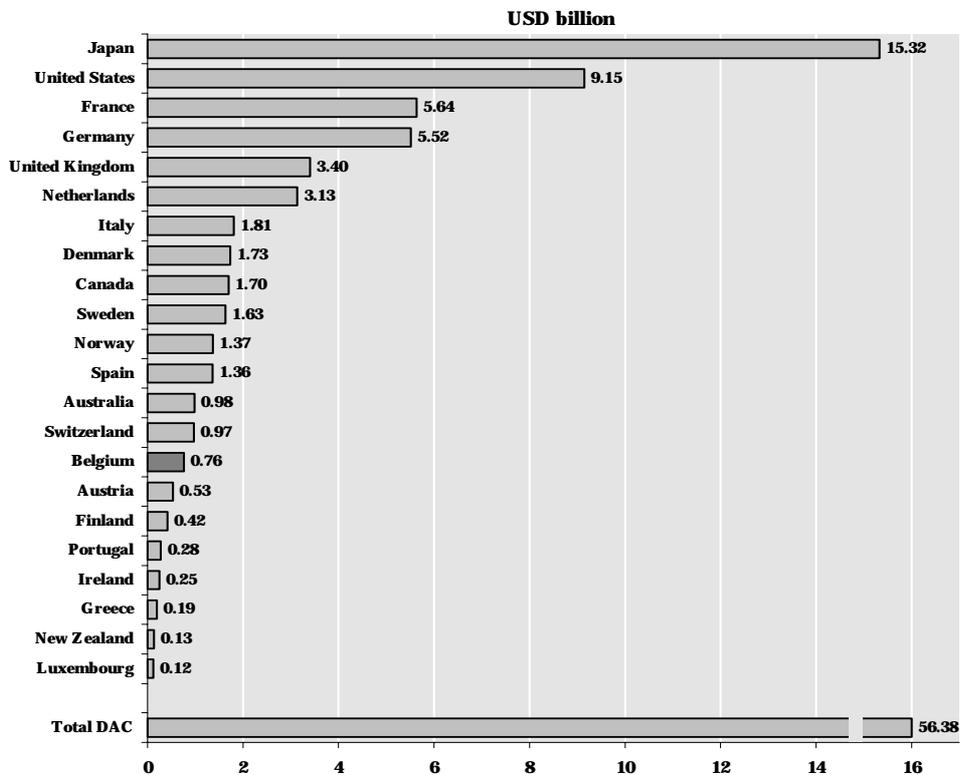
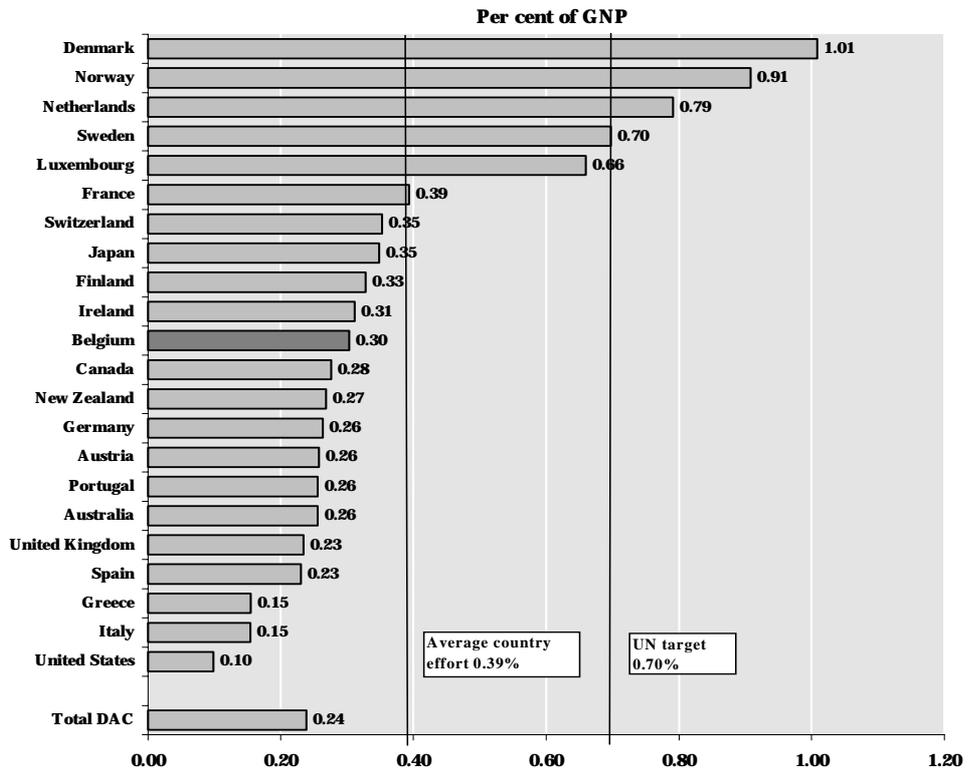
	Official development assistance			Grant element of ODA (commitments) 1999 % (a)	Share of multilateral aid 1999				ODA to LLDCs Bilateral and through multilateral agencies 1999		Official aid 1999	
	1999		93-94 to 98-99 Ave. annual % change in real terms		% of ODA		% of GNP		% of ODA	% of GNP	USD million	% of GNP
	USD million	% of GNP			(b)	(c)	(b)	(c)				
Australia	982	0.26	-0.2	100.0	25.7		0.07		17.4	0.04	3	0.00
Austria	527	0.26	-3.5	88.2	34.7	11.9	0.09	0.03	13.5	0.03	184	0.09
Belgium	760	0.30	1.6	99.9	42.5	13.8	0.13	0.04	21.9	0.07	82	0.03
Canada	1 699	0.28	-5.0	100.0	31.0		0.09		18.2	0.05	165	0.03
Denmark	1 733	1.01	3.5	100.0	40.8	36.5	0.41	0.37	31.6	0.32	128	0.07
Finland	416	0.33	2.5	100.0	42.2	28.6	0.14	0.09	25.0	0.08	74	0.06
France	5 637	0.39	-6.8	94.4	26.8	12.7	0.11	0.05	16.0	0.06	550	0.04
Germany	5 515	0.26	-3.7	94.8	40.6	16.6	0.11	0.04	19.9	0.05	729	0.03
Greece	194	0.15	59.3	12.6	0.09	0.02	2.1	0.00	11	0.01
Ireland	245	0.31	15.9	100.0	39.4	16.1	0.12	0.05	37.3	0.12	-	-
Italy	1 806	0.15	-7.9	99.4	75.0	37.4	0.12	0.06	21.7	0.03	92	0.01
Japan	15 323	0.35	4.2	85.7	31.6		0.11		16.7	0.06	67	0.00
Luxembourg	119	0.66	15.9	100.0	25.4	12.2	0.17	0.08	24.8	0.16	3	0.01
Netherlands	3 134	0.79	4.3	100.0	31.0	23.2	0.25	0.18	19.8	0.16	22	0.01
New Zealand	134	0.27	4.8	100.0	24.3		0.07		24.1	0.06	0	0.00
Norway	1 370	0.91	3.6	99.8	26.5		0.24		33.0	0.30	28	0.02
Portugal	276	0.26	-1.6	97.7	24.8	2.7	0.06	0.01	44.8	0.11	28	0.03
Spain	1 363	0.23	0.9	92.7	39.2	12.3	0.09	0.03	10.8	0.02	13	0.00
Sweden	1 630	0.70	-3.1	100.0	29.7	24.2	0.21	0.17	25.0	0.17	99	0.04
Switzerland	969	0.35	1.3	100.0	25.8		0.09		27.1	0.10	70	0.03
United Kingdom	3 401	0.23	-0.8	100.0	33.9	10.5	0.08	0.02	21.0	0.05	326	0.02
United States	9 145	0.10	-4.0	99.5	25.1		0.02		15.8	0.02	3 521	0.04
Total DAC	56 378	0.24	-1.4	94.8	32.8	24.0	0.08	0.06	18.9	0.05	6 193	0.03
Memo: Average country effort		0.39										

Notes:

- a. Excluding debt reorganisation.
- b. Including European Community.
- c. Excluding European Community.
- .. Data not available.

Source: OECD.

Figure I.1. Net ODA from DAC countries in 1999



Source: OECD.

ANNEX II

THE GOVERNMENT'S MANAGEMENT CONTRACT WITH CTB

PRIMA in 25 points

1. PRIMA (Process Integrated Management) is a set of procedural and methodological elements in the government's management contract with CTB. It is above all a mental approach, not a rigid statutory procedure where the legal terminology is more important than the work of co-operation itself. PRIMA is accordingly appended to the management contract.
2. The PRIMA label does not exactly reflect each element in the process in the same order.
3. PRIMA presupposes that strategic and policy positions have been defined before the financing cycle between Belgium and the partner country begins, entailing high-level policy negotiations (in particular in the joint international co-operation commissions). These negotiations must lead to the joint preparation of indicative co-operation programmes, in line with the objectives pursued by the recipient country and taking account of DGCI strategy.
4. The number of stages has been cut and the timescale for moving from one to the next has been shortened: i) identification; ii) formulation; iii) implementation; iv) evaluation.
5. Explicitly, it is for the partner country to make proposals for "co-operation services". The terms "project" and "intervention", which reflect a unilateral process rather than a contractual one, are no longer used. The term "co-operation service" is now employed.
6. These proposals in fact identify the service under the political and legal responsibility of the partner country, with active assistance from the co-operation Attaché and of CTB where necessary; identification must include specified results, including an estimate of costs and the draft terms of reference for the formulation.
7. The Attaché assesses whether the identification report can be accepted, in terms of budget resources and of its match with the strategic programmes (strategy papers).
8. If the identification is incomplete, the representatives of the partner country and the Attaché draw up the supplementary terms of reference that are needed.
9. When the identification report is in acceptable form, a joint structure is set up locally to assess the relevance of the proposed service. The Attaché has powers to take decisions at local level on behalf of the Belgian party. The field representative of the CTB and local representatives concerned by the service are involved as well. This joint structure is the prime forum for partnership consultations and efforts to strengthen institutional capability to manage development programmes. It may become a committee of partners. CTB is represented on this local committee.
10. When the co-operation service in the identification report is considered relevant by the committee, the Attaché sends the report with his comments to DGCI, which makes its comments in turn and passes the matter to the Finance Inspector and to the member of government responsible for co-operation.
11. There is no stage for centralised assessment in Brussels because the service's relevance and match with objectives is appraised on an ongoing basis, during the preparatory and execution stages, through local consultations with partners.

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12. Emphasis is placed on decentralisation, which brings the decision-making process for the problems to be settled closer to those directly involved. Decentralisation is laid down in the management contract and is essential for sound decisions ensuring that the recipients are satisfied and that implementation can proceed swiftly. It further means that the Attaché carries out his work in the partner country, and must be familiar with the needs and responses there, the partners at every level and the domestic forces in play. The Attaché must live in the same place as his Belgian *alter ego*, the resident CTB representative.

13. When the member of government responsible for co-operation decides to approve the identification report, he further decides to approve the terms of reference for the formulation and to finance the service identified; the case papers return to him only for signature of budget and contractual commitments.

14. The formulation stage examines the feasibility of the service, quantifies it, makes it operational, presents verifiable qualitative and quantitative indicators for impact, sustainability, local capacity strengthening, efficiency and effectiveness, meeting deadlines, and the level and skills of staff to be employed.

15. The outcomes of the formulation stage are: the formulation report; the draft agreement on provision of the service by CTB; and the draft agreement covering the service, to be signed by the partner country and Belgium.

16. The agreement between the partner country and Belgium sets out in particular the roles of the various parties involved, the amounts to be financed, and the membership and mode of operation of a joint local consultative structure for the particular operation.

17. DGCI makes the necessary budget commitments, and the agreements are finalised and signed by the Ambassador in the case of the agreement with the partner country and by the State Secretary with regard to CTB.

18. Implementation by CTB begins. This covers both what CTB itself performs and what it subcontracts or what is carried out by local agencies (the former financial co-operation or jointly managed projects, for example) subject to CTB monitoring.

19. Like any managing agency, CTB performs monitoring and evaluation of its activities.

20. CTB is also responsible for monitoring, evaluation and advisory services in the framework of some co-operation activities.

21. DGCI is also responsible for monitoring and evaluation on the basis of observations made by the Attaché and the joint consultative structure.

22. One-off evaluations can further be commissioned by the independent evaluator and DGCI.

23. Monitoring and evaluation may result in minor modifications falling within the powers delegated to field officers, or more significant changes to be submitted to DGCI and the member of government responsible for co-operation in order to adjust the budget commitments.

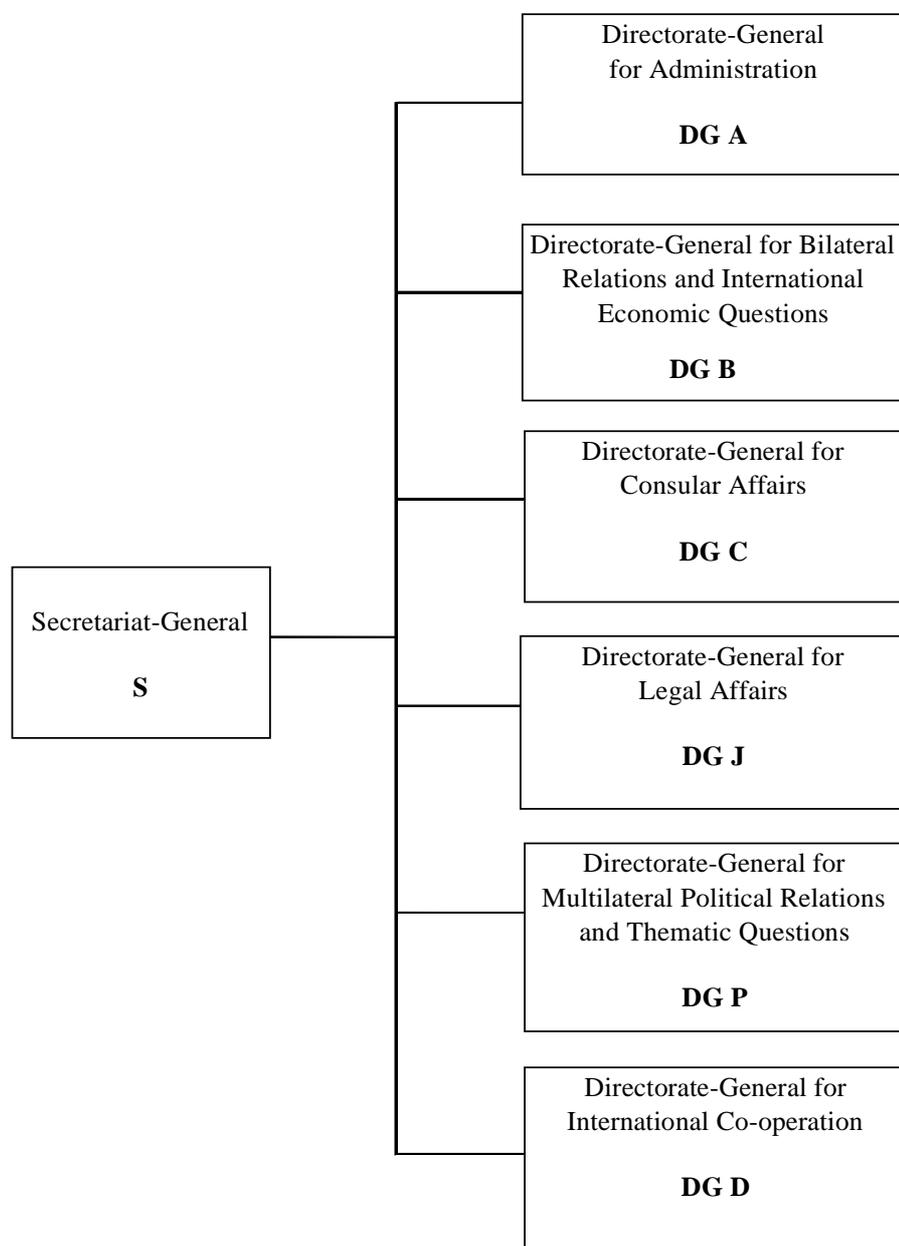
24. Any substantial changes are specifically noted, to serve as references during the preparation of further co-operation services and/or to be included in procedural and methodological manuals.

25. *Ex-post* evaluation is commissioned by the independent evaluator and by DGCI, which subsequently draws any necessary conclusions.

ANNEX III

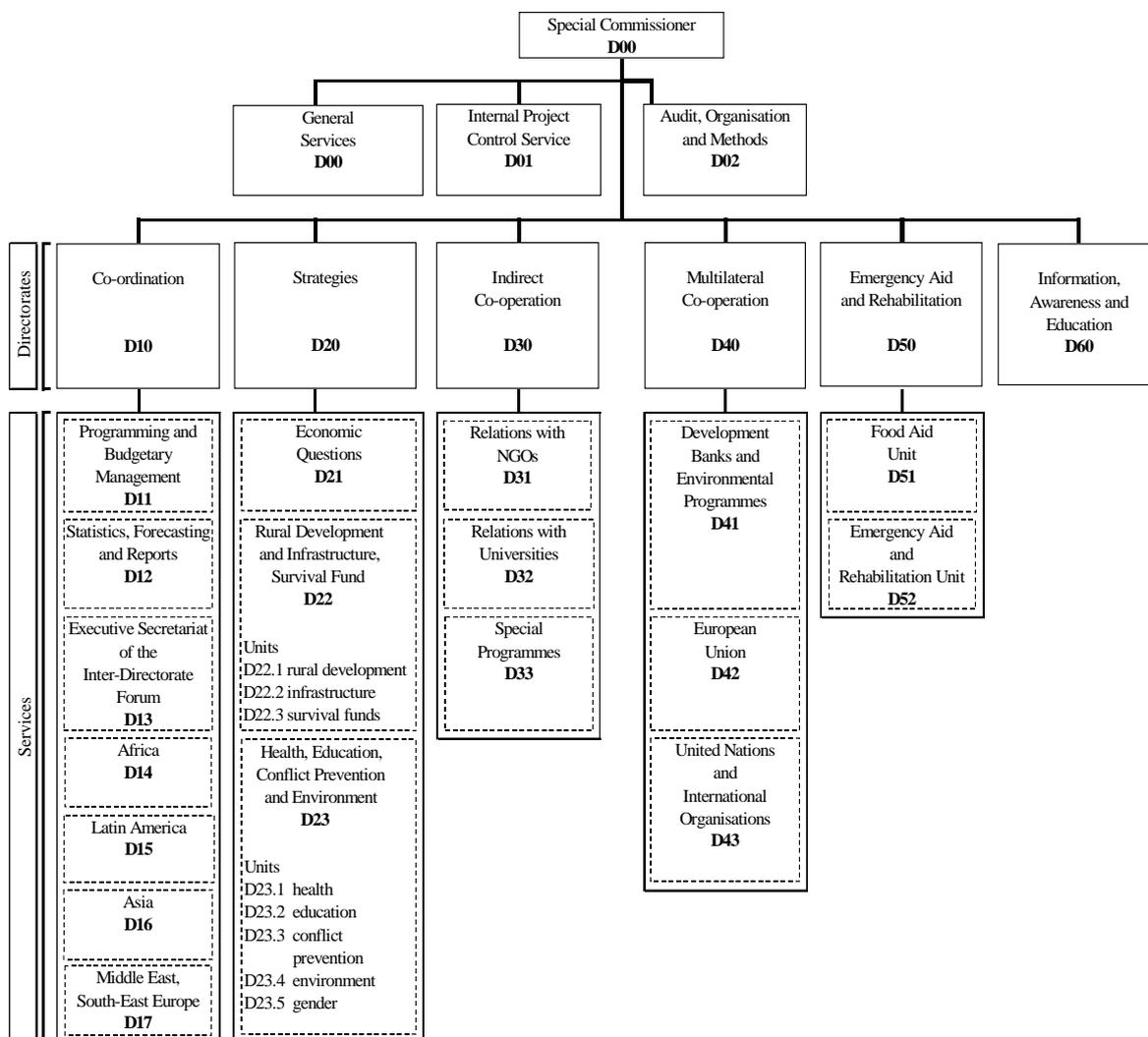
CHARTS

Chart III.1. Ministry of Foreign Affairs, Foreign Trade and International Co-operation



Source: MFA.

Chart III.2. Directorate-General for International Co-operation (DGIC) at 1/9/2000



Source: DGIC.

PRESS RELEASE OF THE DAC PEER REVIEW OF BELGIUM

In 2000 Belgium's official development assistance (ODA) totalled USD 812 million, equivalent to 0.36% of gross national product (GNP). That figure places Belgium 6th among the Members of the Development Assistance Committee (DAC), while in absolute terms Belgium ranks 15th. These results represent an appreciable advance over the 1999 position.

The DAC reviewed Belgium's development co-operation policies and programme on 9 May 2001. The Chair of the DAC, Jean-Claude Faure, summarised the main conclusions:

- Since the last DAC review in 1997, the Belgian aid system has undergone major legislative changes. Since 1999 the *Law on Belgian International Co-operation* has clarified the notion of "international co-operation", whose goal is defined as sustainable development, partnership and relevance to development. The law provided that bilateral aid should be concentrated on 25 countries (or regional country organisations), five sectors and three cross-cutting themes. In addition, multilateral co-operation and indirect co-operation via non-governmental partners were further clarified. The new Belgian government deepened its approach in the note on international policy "*La qualité dans la solidarité. Partenariat pour le développement durable*", submitted to Parliament in April 2000.
- A number of major challenges remain: consolidating the reforms under way within DGCI and CTB, achieving greater policy coherence, applying measures to combat poverty, in particular anchoring the policy in country and sectoral strategies consistent with the strategic frameworks for combating poverty (CSLPs), and introducing an internal evaluation system in DGCI and CTB. In this regard, the possibility of transfers of responsibility for aid from the federal government to the communities and regions, as indicated by the federal government in October 2000, caused concern to DAC Members, at a time when the international community is looking for increased policy consistency, better co-ordination and integration of strategies, and greater effectiveness in the field and has resolved to take steps to strengthen these aspects of co-operation policy.
- Among the administrative reforms, a public corporation - *Coopération technique belge* (CTB) - was set up in late 1998 to implement government-to-government co-operation. The policy-framing and planning functions, in contrast, were entrusted to the *Direction*

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- *générale de la coopération internationale* (DGCI), in the Ministry of Foreign Affairs, Foreign Trade and International Co-operation. A new function of special evaluator, attached to the Secretary-General of the Ministry of Foreign Affairs and reporting directly to Parliament, was also instituted.
- The legislative and administrative reforms, placing considerable demands on the aid administration, are part of the follow-up by the federal government to the recommendations put forward by the parliamentary monitoring commission since 1997. The new law and the measures taken since 1998 are a response to these recommendations. The DAC welcomes the fact that the international consensus on the main thrusts for ODA and the relevance criteria set by the Committee are reflected there.
- Headway has been made elsewhere too, in particular targeting bilateral aid on the least developed countries and other low-income countries, refocusing multilateral assistance on a smaller number of international organisations, defining appropriate policies to promote sustainable development and poverty alleviation, implementing strategies for conflict prevention and to promote the rule of law, and encouragement for the private sector, in particular through the establishment of a new corporation for promoting investment in developing countries, BIO.

The Development Assistance Committee made a number of recommendations. The Belgian authorities should in particular:

- Take advantage of any improvement in the budget situation to continue to increase the volume of aid and bring it progressively towards the target of 0.7% of GNP, as in the Belgian authorities' stated intention.
- Opt, in the event that the sharing of responsibility for Belgian aid is pursued, for a minimal approach ensuring that the federal administration retains the powers and resources, in co-operation matters, to secure consistency, effectiveness and impact in the field.
- Pursue their efforts to enhance the scope of the reforms under way and ensure greater stability and institutional effectiveness in DGCI and CTB, while maintaining a separate budget for international co-operation within the Ministry of Foreign Affairs.
- Reaffirm the statutory priority for poverty alleviation as a fundamental objective and prepare country strategies on the basis of the strategic frameworks for combating poverty (CSLPs) and the sectoral approach.
- Increase the proportion of bilateral assistance going to the priority countries and continue to refocus their multilateral operations on a smaller number of international institutions.
- Associate DGCI more closely in defining the positions that Belgium upholds in the governing bodies of the Bretton Woods institutions.
- Speed up the establishment of BIO and ensure that its procedures and criteria for intervention give due priority to combating poverty.
- Avoid dispersal of indirect co-operation and ensure that it is more fully in line with the priorities and poverty alleviation programmes defined by the partner countries.
- Provide for DGCI and CTB to develop an internal monitoring and assessment system whose findings can be taken into account.

- Devote more systematic attention to achieving more consistency between co-operation policy and other policies that may have adverse affects for developing countries, possibly leading to the introduction of special arrangements for that purpose.

During the review, the Belgian Delegation was led by Mr. Eddy Boutmans, State Secretary for Development Co-operation. The examining countries were Denmark and Luxembourg.