

**DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE**

Peer Review

**REVIEW OF THE DEVELOPMENT CO-OPERATION POLICIES AND PROGRAMMES OF
BELGIUM**

DAC'S MAIN FINDINGS AND RECOMMENDATIONS

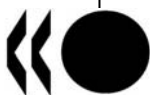
(Note by the Secretariat)

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This document was discussed at the Peer Review meeting of BELGIUM on 2 June 2010 and at the Editorial session the following day with the Delegation of Belgium and the Examiners from Canada and Switzerland. The revisions have subsequently been approved by all delegations and the Main Findings and Recommendations are now issued in their FINAL form.

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REVIEW OF THE DEVELOPMENT CO-OPERATION POLICIES AND PROGRAMMES OF BELGIUM

DAC'S MAIN FINDINGS AND RECOMMENDATIONS

Overview

The OECD's Development Assistance Committee (DAC) commends Belgium's commitment to improve the quality and volume of its aid, particularly at a time of global economic crisis. Belgium spent USD 2.6 billion on official development assistance (ODA) in 2009, which amounted to 0.55% of its gross national income (GNI). It is likely to meet its commitment to increase this ratio to 0.7% by 2010, which would allow Belgium to join the five donors who have already reached this goal.

Belgium's recent reforms are backed by strong support from politicians and civil society. Aid is strategically allocated and focuses on Belgium's poorest partner countries. Efforts to modernise its co-operation over the last two years include: more strategic support to multilateral organisations, co-operation programmes that are better aligned to partner countries' priorities, new agreements to work more closely with civil society, and the use of more effective ways to deliver aid. The review highlights Belgium's work in fragile states, encouraging the government to formulate a cross-ministry approach to development co-operation in fragile states and to ensure that this is reflected in work done in developing countries. The DAC commends Belgium for the 71% growth in its humanitarian budget since 2004. Belgium's plans to reform its current rigid laws should allow it to define the focus of its humanitarian action and to link it with long-term development.

To improve the efficiency and effectiveness of Belgium's aid, the review suggests that the many development actors involved could be better linked through a common vision for development co-operation and a clear understanding of policy guidance and aid management. Belgium's Directorate-General for Development Co-operation (DGDC) of the Foreign Ministry needs to be put in a stronger position to play its policy and co-ordinating roles. Belgium needs to make sure that it has the right expertise in the right places; delegating more decisions to the country level would help it fit better into the local context and make its administration more efficient. It should focus on bringing lessons from its field work into its policies and approaches to development co-operation.

1. Overall framework for development co-operation

1.1. Legal and political orientations

New momentum for aid reform

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

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

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

3. The strategic framework that guides Belgian development co-operation actors includes the 1999 *Law on International Co-operation*, laws governing specific actors of Belgian development co-operation, various royal decrees, strategies of actors related to the federal level, and separate strategies by federated entities. To avoid this complexity causing undue transaction costs to Belgium’s partner countries, it is crucial that the various actors delivering Belgian aid co-ordinate their approaches. Belgium needs a shared vision of development objectives, developed through a dialogue involving all stakeholders. Based on its collaboration with the various agencies, federated entities, parliament, and civil society actors that implement Belgian ODA, the Federal Public Service Foreign Affairs (FPS Foreign Affairs) should initiate this dialogue to secure broad ownership of a longer-term vision. A medium-term strategy for governmental actors could help to translate such a vision into a framework of action, developed in a co-ordinated approach, which enhances synergies. It could capture operational priorities for what is to be achieved with ODA in the medium term. The complementary mission statements of the Directorate-General for Development Co-operation (DGDC) and Belgian Technical Co-operation (BTC) should derive from this medium-term strategy. Indicative co-operation programmes should become inclusive operational tools oriented towards achieving results in priority sectors in the medium term and reconciling political, development and humanitarian objectives. This could help to translate recent constructive policy changes initiated by DGDC into explicit commitments for the next few years, link the objectives of Belgium’s players in development co-operation and thereby help achieve better internal coherence and better results.

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

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

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

Ensuring a whole-of-government approach to fragility

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

Continued investment in public support

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

1.2. Promoting policy coherence for development

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

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

Identifying an institutional framework

9. Belgium has several inter-ministerial mechanisms for co-ordinating its policy positions and operational approaches. Good examples include its co-ordination body COORMULTI and the inter-departmental working group on Central Africa. However, the Council of Ministers is the only structure with the competence to co-ordinate and decide government policy. A more deliberate use of this body will be necessary to make progress towards policy coherence, as the last peer review pointed out. Once a statement on policy coherence for development is in place, Belgium should identify the institutional

framework and tools it will use to implement and monitor it, and to report on it. In doing so, it can build on its experience in ensuring sustainable development. The administration is encouraged to draw on the analytical capacity of NGOs and academia to monitor the impact of specific policies on development.

Recommendations

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

- Develop a common vision of development co-operation through dialogue involving all the public actors delivering Belgian ODA. A medium-term strategy should translate this vision into operational and strategic priorities for development programming.
- Ensure that sector and cross-cutting strategies are up to date, maximise the synergies among the various entities delivering Belgian aid, are guided by operational good practice and oriented towards results.
- Formulate a whole-of-government position for Belgium's engagement in fragile contexts which is built on good practice, links efforts to bring about peace and security with state building and poverty reduction efforts, and is translated into operations.
- Develop an explicit policy statement on policy coherence for development, and promote a better understanding of this concept amongst government entities and the wider public. Identify the institutional framework and tools Belgium will use to implement and monitor the coherent use of all policy levers for development, and to report on it.

2. Aid volume, channels and allocations

Setting a good example in turbulent times

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

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

11. Although debt relief did not contribute to the growth of Belgian ODA in recent years, it appears that if Belgium reaches its goal of 0.7% of ODA/GNI in 2010, it will be due, in part, to exceptional debt relief. Since this part of aid is, however, expected to decline in 2011, Belgium will need to ensure that other components of ODA grow if it intends to sustain this ratio beyond 2010. Positive indications include its intention to scale up governmental co-operation and its doubling of the budget envelopes for the 13 indicative co-operation programmes signed since 2008, but additional resources will need to be invested in development to guarantee an increase. As part of a medium-term strategy for development co-operation, Belgium should therefore adopt an explicit medium-term budgetary plan.

Geographic concentration: on the right track

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

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

The need to spend Belgian aid strategically

14. There is scope for Belgium to make more use of channels that fund programmes agreed upon with partner countries, thus promoting their ownership of development processes. While DGDC continues to deliver the bulk of Belgian aid – 66% in 2008 – only about 16% of total Belgian ODA – or 27% of bilateral aid – is implemented through indicative co-operation programmes, which are agreed with the partner countries. Increasing this share would strengthen the potential of Belgian bilateral aid to foster local ownership of the development process.

Strong and increasingly efficient support to multilateral organisations

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

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

Recommendations

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

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

3. Organisation and management

The challenge to deliver as one

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

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

Ensuring a stronger policy lead

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

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

The need for decentralised decision-making and efficient administrative processes

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

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

Strengthening the role of evaluations by promoting an evaluation culture

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

People: at the heart of implementing change

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

Recommendations

To strengthen its important organisational reforms Belgium should:

- Ensure that the mandates and the relationships among the entities delivering the aid programme in its development co-operation are clear.

- Clarify the division of labour between the Policy Cell under the Minister of Development Co-operation and DGDC's Policy Support Unit with regard to their respective responsibilities for development co-operation policy.
- Examine the programme and project approval process with a view to making it more efficient, and assess the development value of its multiple small schemes.
- Incorporate lessons from evaluations into policy making, and promote an evaluation culture.
- Define a human resources policy for DGDC that allows DGDC to play its strategic role by providing for (1) more mobility between headquarters and the field, (2) a human resources plan that includes the profiles of specialists it might require, (3) provisions for accessing the expertise of development partners, and (4) a competency-based salary scale for locally recruited staff.

4. Practices for better impact

4.1. *Implementing aid effectively*

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

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

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

Challenges in implementing the aid effectiveness agenda

28. Belgium is committed to applying the aid effectiveness principles even in fragile countries with weak ownership, capacity and systems. Implementing the Paris Declaration and the AAA in these situations, especially where corruption is prevalent, is challenging and actions need to be tailored to the

specific context. In Burundi, Belgium is the only donor to apply the partner country's procurement law, demonstrating its willingness to align and support ownership in fragile contexts. Belgium has already made use of the possibility, under its new indicative programmes, to allocate an additional budget tranche to two of the three partner countries in Central Africa if they fulfil a set of agreed good governance criteria. This may allow Belgium to hold its partners accountable for creating the conditions needed to successfully implement development plans. DGDC's intention to support institutional capacity, in particular in the Great Lakes Region, responds to the Accra Agenda for Action commitment to support the core state functions of countries in fragile situations. Belgium needs to recognise the trade-off donors face when working in countries with weak governance, where alignment to country systems may hamper development impact.

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

4.2. Learning from experience on priority topics

Capacity development

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

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

Agriculture, high food prices and donor responses

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

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

Recommendations

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

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

5. Humanitarian action*A new strategic plan and the opportunity to reform a rigid legal environment*

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

35. Belgium's humanitarian budget grew by 71% in real terms between 2004 and 2008, and increased as a share of total ODA from 6% to 9%. Belgium spent over half of its humanitarian budget in response to UN Consolidated Appeals Process (CAPs) and 10-15% to appeals by the Red Cross and Red

Crescent Movement. Through its multilateral channel, it has also begun to provide core funding, and it supports several multilateral rapid response mechanisms.

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

Towards a more efficient delivery of humanitarian aid linked with development

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

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

Recommendations

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

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