BELGIUM

AT A GLANCE: Gross bilateral ODA 2013 – 2014 (unless otherwise shown)

Net ODA

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>Change 2013/14 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current (USD m)</td>
<td>2,366.6</td>
<td>2,463.6</td>
<td>-4.1</td>
</tr>
<tr>
<td>Coherent (USD m)</td>
<td>2,295.5</td>
<td>2,427.1</td>
<td>-6.0</td>
</tr>
<tr>
<td>National Currency * (million)</td>
<td>1,720.0</td>
<td>1,845.1</td>
<td>-6.5</td>
</tr>
<tr>
<td>OECD/GNI (%)</td>
<td>0.40</td>
<td>0.44</td>
<td></td>
</tr>
<tr>
<td>Bilateral share (%)</td>
<td>57</td>
<td>54</td>
<td></td>
</tr>
</tbody>
</table>

* Euro

Top Ten Recipients of Gross ODA (USD million)

1. Democratic Republic of the Congo  168
2. Burundi  64
3. Chad  45
4. Viet Nam  27
5. Mozambique  27
6. Mali  26
7. Benin  23
8. Senegal  22
9. Peru  21
10. Côte d’Ivoire  21

Memo: Share of gross bilateral ODA

Top 5 recipients: 23%
Top 10 recipients: 31%
Top 20 recipients: 47%

By Sector (commitments)

- (-12.3%)
- (-14.0%)
- (-1.5%)
- (-5.0%)
- (-13.4%)
- (-5.1%)
- (+25.4%)

POLICY FRAMEWORK

The last two years witnessed a complete overhaul of the legal and regulatory framework of the Belgian cooperation. A new law on development cooperation has been adopted in 2013, the laws on the two executing agencies, Belgian Development Agency (BTC) and Belgian Investment Company for Developing Countries (BIO), were updated and new management contracts were signed with both agencies. The regulatory framework on CSO funding and on humanitarian aid has been thoroughly changed. And finally, a legal basis with respect to Policy Coherence for Development has been established.

In 2014 the new government refocused Belgian development cooperation on two axes: a human rights approach and a focus on inclusive and sustainable economic growth. The list of bilateral partner countries and multilateral partner organizations has since been reviewed and reduced. Belgium today focusses its bilateral cooperation on 14 partner countries (down from 18) out of which 12 are least Developed Countries and 8 are considered fragile states regionally concentrated in North, West and Central Africa. In its multilateral aid, Belgium has continued cutting back its earmarked contributions. All regional and thematic funding has been converted into contributions to the general resources of the multilateral organizations (‘core-funding’). The list of multilateral partner organizations was reduced to 15 organizations considered fit for purpose and whose mandates are complementary with Belgians development policy priorities.

The Directorate-General for Development Cooperation (DGD) consists of four directorates and of trans-directorate teams. These teams draw on expertise from the various directorates and from the field. The first directorate is a geographic knowledge centre with a regional perspective that operates according to a context-specific approach; the second directorate is responsible for determining international strategy and the thematic development tools; the third directorate specialises in cooperating with partners from civil society; the fourth directorate focuses on better organisation management, skill development, increased result orientation and more transparency. The Management Plan of the DGD was approved in 2013 and will be revised to take into account the priorities of the post-2015 agenda.

The Belgian Development Agency (BTC) has started a reorganisation process to enhance decentralisation on the level of partner countries and to improve development effectiveness. A new Management contract between the federal government and the BTC was signed in June 2014. The Belgian Investment Company for Developing Countries (BIO) has also undertaken a significant re-organisation process to further enhance its performance and has a new institutional law in place since January 2014.

Belgian Development Agency: http://www.btcctb.org/
Policy documents on Development Cooperation (French & Flemish):
1. DOMESTIC PUBLIC FINANCE FOR DEVELOPMENT

1.1. DOMESTIC RESOURCE MOBILISATION

- **New initiatives to support tax reforms:** Belgium participates in ongoing international OECD-led initiatives on taxation. The government launched a research project on tax matters, in particular on DRM and illicit flows. **Domestic Resource Mobilisation:** Belgium joined the Addis Tax Initiative and steps up its support to the IMF Topical Trust Fund on Tax Policy and Administration that it has been supporting since 2011 for a total amount of 3 M€uro.

- **Belgium is considering to waive tax exemption on projects** within a concerted action. Humanitarian aid should continue to be exempted.

- **Tax evasion and transfer pricing:** Belgium participates in the OECD’s work on Tax and Development, which includes a work-stream on transfer pricing and contributes to the redaction of the manual on transfer pricing by the Committee of fiscal experts of the UN.

- **Belgium has ratified, is a member of and/or supported:** (i) The United Nations Convention against Corruption (Merida), (ii) the OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions, the (iii) Stolen Assets Recovery Initiative (STAR), and the (iv) Extractive Industry Transparency Initiative (EITI); the (v) Extractive Industries - Technical Advisory Facility; (vi) Belgium became member of IATI: International Transparency Initiative in November 2012; (vii) IMF Tropical Trust Fund on Tax policy and administration. Belgium has prepared a plan on how to implement the requirements of the Common Standard on transparency of which the IATI-standard is a substantive part.

1.2. MAINTAINING SUSTAINABLE DEBT LEVELS

- **Support mechanisms:** Paris Club, HIPC and MDRI Initiative, Debt Management Framework, African Legal Support Facility.

- **Actions taken in 2014 or planned for 2015:** (i) Active participation in the various negotiations and discussions of the Paris Club; (ii) Finalisation of the Paris Club negotiations on HIPC completion point and initial debt cancellation by Belgium of EUR 5.75 million for Myanmar; discussions on Seychelles, Sudan and Zimbabwe; (iii) funding for the Debt Management Framework; and (iv) funding for the African Legal Support Facility of the AfDB.

- **Aggressive litigation:** In July 2015, the Belgian Parliament adopted a law to combat the practice of vulture funds enabling Belgian courts to curtail the claims by the vulture funds. Furthermore, thanks to the legal support provided by the African Legal Support Facility in 2014, the DRC government had a victory against a vulture fund (FG Hemisphere) before the courts in the US, which dismissed its claim of over USD 100 million.

- **International governance and initiatives for the restructuring of sovereign debts:** the Belgian government considers that a legally binding framework at the International level cannot be considered at the level of United Nations only and insists on the dialogue with the IMF to reflect on international debt workout mechanisms. Belgium actively
participates in actions by the Paris Club to promote the participation of non-members in debt workouts. The Belgian government states that, «theoretically, the terms of the agreements of the Paris Club apply to all the debtors, which should protect them from the vulture funds. The Club is disappointed by the American Court of Justice’s decision on the Argentine case (interpretation of the “pari passu clause” according to which outstanding debt should be simultaneously repaid to all creditors, whether or not they have participated in debt restructuring). From now on, Paris Club members have to ensure the protection of their debtors adapting the loan agreements. The efforts of the IMF aiming to promote the use of standardized contractual provisions in the loan agreements are in that sense very welcome.»

2. PRIVATE FINANCE FOR DEVELOPMENT

- **Access to finance and markets for local enterprises in developing countries:** The mission of the Belgian Investment Company for Developing countries (BIO) is to support a strong private sector in developing countries for inclusive growth and sustainable development. BIO can support microfinance institutions, commercial banks, non-bank financial institutions, and investment companies and funds. Its investments aim to allow local SMEs to obtain long-term finance. BIO can invest directly in local SMEs and large companies with a local foothold, with a particular focus on the food industry in all matters concerning food crops (intended to feed the local population), export cultures and breeding, and companies processing raw food materials. Moreover, BIO makes a special effort to promote access to basic financial services for micro and small companies (credit, savings and insurance). BIO can invest in private or public-private partnership projects and more specifically in the field of access to energy and water, telecommunications and transport infrastructure where the main purpose is to support the local private sector.

- **Aid for Trade:** The Belgian Development Cooperation supports fair trade activities. The TDC programme (Trade for Development Center) has been relaunched in 2014 for a period of 4 years (13 MEUROS). That programme focuses on Fair Trade (in the field projects and information in Belgium). The government actively participates in and/or is a member of several initiatives and groups that promote responsible business conduct, such as the UN Global Compact, the KAURI network - a national network which promotes good governance, transparency and respect of OECD guidelines, the Kimberly process, the FAO Code of Conduct for Responsible Fisheries and the Extractive Industries Transparency Initiative (EITI). Regional government also supports initiatives in this area.

- **Remittances:** (i) in 2014 Belgium established a new regulatory framework and new structures to ensure policy coherence for development (PCD), with migration as one of the 5 priority areas (as it is the case at the EC-level); (ii) in 2014, Belgium contributed to IFAD (international Fund for agricultural development: 8 million euro) and to UNCDF (UN Capital Development fund) who together with the EU and other partners launched an initiative for African postal financial services covering 10 countries in Africa and aiming at (1) reducing the cost of remittances to and within Africa (2) reduce transaction times (3) broaden the network of rural locations and (4) deepen the range of financial services. IFAD further supports projects on sending remittances through mobile banking and the
reinvestment of remittances in rural areas; (iii) from Belgium’s non-earmarked contribution of 2,970,000 EUR to IOM, 400,000 EUR was allocated to a 4-year joint project of IOM in collaboration with the Universal postal Union (UPU) and national postal operator of Burundi (RNP), totalling 4 Million EUR. The project aims at granting Burundian migrants access to a secure and affordable money transfer service; (iv) Belgium entered into phase II of the MEDMA 2 Pilot Project (2012-2014) for “Mobilization of Moroccans residing in Belgium for the Development of Morocco”. This 1.2 million EUR, two year pilot project seeks to encourage Moroccans residing in Belgium to invest in Northern Regions (Tanger, Tétouan), Oriental Regions (Oujda, Berkane, Nador, Jerrada) and the Al Hoceima Province of Morocco; (v) Belgium contributed to IFAD (international Fund for agricultural development with 8 Million) and to UNCDF (UN Capital Development fund) who together with the EU and other partners launched an initiative for African postal financial services covering 10 countries in Africa and aiming at (1) reducing the cost of remittances to and within Africa (2) reduce transaction times (3) broaden the network of rural locations and (4) deepen the range of financial services. IFAD further supports projects on sending remittances through mobile banking and the reinvestment of remittances in rural areas.

- **Trade and Development**

  **Belgium, AfT Commitments (in thousand EUR)**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td><strong>Trade-Related Assistance (TRA)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Policy and Regulations</td>
<td>3 800</td>
<td>7 072</td>
<td>3 875</td>
<td>6 752</td>
</tr>
<tr>
<td>(category 1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Development</td>
<td>186 679</td>
<td>238 362</td>
<td>1 155</td>
<td>57 947</td>
</tr>
<tr>
<td>(category 2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Other Trade Related Needs</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(category 6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Trade-Related Assistance</strong></td>
<td>190 479</td>
<td>245 434</td>
<td>5 030</td>
<td>64 699</td>
</tr>
<tr>
<td><strong>Wider Aid for Trade Agenda (AfT)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Policy and Regulations</td>
<td>3 800</td>
<td>7 072</td>
<td>3 875</td>
<td>6 752</td>
</tr>
<tr>
<td>(category 1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Related Infrastructure</td>
<td>59 985</td>
<td>48 158</td>
<td>21 936</td>
<td>26 509</td>
</tr>
<tr>
<td>(category 3)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building Productive Capacity</td>
<td>251 588</td>
<td>288 480</td>
<td>81 731</td>
<td>117 925</td>
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<tr>
<td>(category 4)</td>
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<tr>
<td>Trade Related Adjustment</td>
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<td>0</td>
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<tr>
<td>(category 5)</td>
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<tr>
<td>Other Trade Related Needs</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(category 6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Aid for Trade</strong></td>
<td>315 373</td>
<td>343 710</td>
<td>107 543</td>
<td>151 186</td>
</tr>
</tbody>
</table>

  *Source: OECD CRS Database*
3. INTERNATIONAL PUBLIC FINANCE FOR DEVELOPMENT

3.1. OFFICIAL DEVELOPMENT ASSISTANCE

ODA individual commitments/gap to agreed targets (total ODA, Africa, LDCs)

- In 2014 ODA increased slightly to EUR 1,797 million, representing 0.46% of the Belgian GNI.

- Belgium still plans to reach its individual ODA target of 0.70% of GNI but the new law approved in 2013 has not given any timeline. To reach 0.7% of ODA/GNI by 2015, Belgium would have to increase its ODA by EUR 1,090 million.

Source: OECD DAC Online. EU annual questionnaire on FfD for 2014

- "Realistic, verifiable actions for meeting individual ODA commitments until 2015" taken in 2014: no particular actions were taken.

- **Target to channel at least 50% of EU collective ODA increase to Africa**: Out of the 14 partner countries of the governmental aid programme, 12 are African (of which 11 Sub-Saharan). As a consequence, the largest share of bilateral aid (government to government) goes to sub-Saharan Africa.

- Belgium has reached the target of 0.15%-0.20% ODA/GNI to LDCs by 2010 (and onwards).
3.2. FUNDING FOR TACKLING CLIMATE CHANGE

- Preliminary data for 2014 indicate an investment of EUR 59.8 million, all categorised as ODA, in several initiatives linked to climate change. There are ongoing discussions on burden sharing among the federal and regional governments.

- The provision of financial, technological and capacity-building support to non-Annex I Parties by Belgium are focused on:
  
  • Predominantly adaptation and cross-cutting activities.
  
  • Provision of support under the form of grants, mainly directed towards Africa and Least Developed Countries (LDCs, ASAP/IFAD).
  
  • Non-earmarked contributions to multilateral channels (Green Climate Fund, Adaptation Fund, Global Environment Facility, ...) or specialized UN agencies, but also on bilateral projects mainly directed towards African partner countries and Least Developed Countries.

- In 2013-2014, Belgium continued to support adaptation and mitigation activities in developing countries by mainstreaming climate objectives through its official development assistance (ODA) as this is crucial for increasing climate-resilient and low-GHG emission investments. In December 2014, Belgium also made a significant contribution to initial resource mobilization of the Green Climate Fund by pledging to contribute at least 51.6 million euros to the activities of the Fund. 40.6 million euros of this sum have been provided to the GCF in 2014. The discussion on burden sharing among the federal and the regional governments are still ongoing.

3.3. FUNDING FOR BIODIVERSITY CHALLENGES

- After extensive consultations with all relevant Belgian actors in financing for biodiversity, a process of defining and identifying sources (ODA, OOF and other) of biodiversity funding, both for the national and international level, has been initiated by all the relevant federal and regional entities, with a view to establish a common methodology to determine the 2006-2010 baseline. This exercise will allow harmonising the understanding and application of definitions for non-ODA sources, as well as the interpretation of Rio Marker 1. As a consequence, for the time being, Belgium cannot provide concrete amounts, nor clarifications on this topic.

3.4. TECHNOLOGY DEVELOPMENT AND TRANSFER

- Projects in 2014: (i) in general, research programmes financed by the federal government may also include technology transfer activities, which Belgium estimates may represent approximately 25% of the total funding; (ii) the Flemish government supported the Institute of Tropical Medicine in Antwerp and several other health related projects; (iii) regional governments (Brussels, Walloon and Flemish) support various initiatives aimed at sustainable development through STI.
4. COMBINING PUBLIC AND PRIVATE FINANCE FOR DEVELOPMENT

- Belgium contributed EUR 79.4 million via the Belgian Lottery to development initiatives such as the *Fonds belge pour la sécurité alimentaire*. The currency transaction tax law was voted by the Belgian Parliament in November 2004 and will become effective when a consensus is reached within the Euro-zone and a specific fund has been created. As for the financial transaction tax, Belgium signed up with the 11 EU Member States to the initiative for an enhanced cooperation for the establishment of a financial transaction tax.

5. USING DEVELOPMENT FINANCE MORE EFFECTIVELY

- **Aid effectiveness strategy:** Belgium has developed and published a strategy for better development results. The aid effectiveness principles are integrated in this strategy. The Belgian Development Cooperation has not created any separate, thematic programmes for global policy goals. Climate change, biodiversity, and other goals have been integrated into its regular programming. Aid effectiveness principles apply equally to all regular programming.

- **Country ownership:** Belgium does not provide general budget support and only limited sector budget support. However, it uses local public finance management system for 50-80% of its priority countries. The Belgian law on development cooperation requires the Governmental programmes to use national systems, unless a risk analysis shows that fiduciary and development risks would be unacceptably high (in applications of the Paris Principles). Guidelines have been developed for such risk analysis. This analysis is executed prior to the start of a new country programme (which is renewed in principle every five years). The analysis distinguishes between using national systems in project implementation, and using national systems in budget support. If the risk is too high, Belgium cannot use national systems. In other cases, Belgium will negotiate where relevant with the partner countries, and as much as possible with other donors, the necessary mitigating measures. In 2013 (last year for which data is available), the Belgium spent EUR 55 million for projects and programmes on PFM in partner countries.

- **Transparency:** in 2014, the federal government published aid information based on IATI standards.

- **Mutual accountability arrangements** account for over 80% of Belgium’s priority countries.

- **Focus on results:** Belgium participates in discussions on country-level results frameworks and platforms in 50-80% of its priority countries. However, country-level platforms have been adopted in less than 10% of priority countries. A project on improving health statistical capacities was approved in Rwanda. **Joint programming & synchronisation:** the Federal government has issued guidelines on joint-multiannual programming. These cover the following aspects: analysis, response, in-country division of labour, indicative sector allocations, synchronisation with planning cycles. Belgium plays a pioneering role in joint programming of the EU. Some important steps have been made towards integrate the process in the proper functioning and actively support the process. The principle is included in the Federal law on Development Cooperation: “the BE governmental cooperation pursues a common country strategy of the donors,
preferably at the level of the European Union and with respect for alignment and the democratic ownership of the partner. This is the common strategy framework for cooperation with the partner country”.

- By 2017, Belgium intends to synchronise the cycle of all its country government programs with the EU programming cycle. Instructions for the preparation of a new country program have been adapted; the document prepared by EU partners in the Joint programming is the starting point of the analysis of a new country program.

- **Sector concentration and division of labour (DoL):** Sector concentration: the new Belgian law on development cooperation restricts country programs to a maximum of 3 sectors. In most cases, the Belgian cooperation concentrates on 2 sectors, which are based on local priorities and coordination with other donors.

- **Countries in fragile and conflict situation:** the Belgian cooperation faces these situations in 8 out of 14 partner countries and those that absorb the highest level of financing for development provided by the federal government. In general, the public funding is directed mostly to strengthen security, democracy and governance. Belgium awaits the outcome of the review of the New Deal on engagement in fragile states. The initial evaluation of the implementation of the New Deal instrument in DR Congo was not positive.

- **Public-private engagement:** nothing to comment.

6. **GLOBAL AGENDA AND GOVERNANCE**

- **How can the EU promote a comprehensive approach to financing and other means of implementation.** The EU should aim to develop a comprehensive (financial and non-financial) approach for the 2030 agenda with a specific focus on LDCs and fragile states (‘those most in need’). Policy coherence: In order to ensure economic and social development, it is necessary to work on the link between development cooperation and other factors such as international peace & stability, technology transfers, financial stability, trade and investments.

- **Improving global governance:** no particular comments.