

EUROPEAN COMMISSION

AFRICA

1. Advancing African Agriculture

In 2006, the European Commission, on its own initiative, prepared a proposal for closer cooperation between Europe and Africa in terms of agricultural development in Africa. The European Commission discussed main orientations of the proposal with a number of African organisations (notably AUC and NEPAD), before launching a wider discussion in January 2007. Subsequently a Communication was drafted that took into account the results from the consultation process. The Communication ('Advancing African Agriculture')⁴⁶ was adopted in July 2007.

The main lines of the Commission Communication are presented below. The initiative proposes principles and key areas for EU-AU cooperation on agricultural development in Africa, focusing on regional and continent levels. Cooperation at these levels will complement and stimulate agricultural development at the national level, where most intense cooperation will remain relevant.

Background

Agriculture remains the economic base for the majority of the poor in Africa and accounts for about a third of Africa's GDP and for the bulk of employment. Most agricultural production comes from small-scale farms, within which, women play an extremely important role. Agricultural production and sales directly affect food security and the nutritional status of household members. Higher incomes from agriculture also make the provision and use of social services in rural areas sustainable and affordable. Furthermore, the use of natural resources by farmers and other landworkers is crucial in determining the sustainability of ecosystems and of biodiversity.

To foster agricultural development, the AU and NEPAD have launched the *Comprehensive Africa Agriculture Development Programme (CAADP)*, while African ministers have made a commitment to significantly increase the share of national budgets allocated to agriculture and rural development. In this framework an overall AU vision on agriculture has emerged on what should be achieved by 2015.

The CAADP initiative takes a continent-wide view, but builds on national and regional plans for the development of agriculture. It contains a set of key principles and targets, in order to (i) guide country strategies and investment programmes (ii) allow regional peer learning and review and (iii) facilitate greater alignment and harmonisation of development efforts. For development partners, CAADP offers important opportunities for progress on the Paris Declaration.

Proposed Cooperation Areas

The proposals for EU-AU cooperation on agricultural development concentrate on continental and regional levels and have the objective to create an improved enabling environment for agricultural development on the continent. EU-Africa cooperation on agricultural development will focus on seven areas, based on the main identified challenges to agriculture in Africa and on African priorities, as reflected in CAADP.

- *Agriculture in Development Strategies*

This area will address the need for agricultural development to be an integral and strategic part of the development agenda at national, regional and continental levels, recognising agriculture as a key sector for economic growth and poverty reduction.

Cooperation will focus on analysis, lessons-learned, capacity building and institutional strengthening. It will include the strengthening of continental and regional farmers' organisations. AUC, NEPAD and RECs will be the main partners and cooperation will be in support of their functions in policy analysis, monitoring, peer review and advocacy, as well as their capacity building roles for national level organisations. Regional Farming Organisations will form another group of partners.

- *Sector Governance*

This cooperation area will assist in capacity building at regional and continental levels, to foster improvements within the agricultural sector at national levels.

Cooperation will focus on policy coherence, consistency and harmonisation; monitoring and peer review; development and dissemination of policy guidelines; empowerment for participation in sector governance and promoting public-private partnerships. Support is envisaged to (i) strengthen AUC's

⁴⁶ COM(2007)440

political and facilitation role in policy development, policy coordination and harmonisation (ii) strengthen NEPAD and RECs roles in capacity building, monitoring, policy analysis and peer review and (iii) enhance capacities of private regional and continental organisations, representing producers and professional organisations, in advocacy, negotiation and service provision. Learning from EU experiences, involving exchanges with the EC, Member States and private sector organisations in the EU, may also be used as a form of capacity building on agricultural sector governance.

- *Research, Knowledge Systems and Dissemination*

The aim of this cooperation area is to increase the impact of agricultural research and knowledge systems on rural productivity, poverty reduction, food security and sustainable management of natural resources. There will be an emphasis on research with positive impacts on the rural poor.

Cooperation will include cross-country collaboration, development of research strategies, capacity building for new forms and channels of extension and strengthening of network platforms for innovation and information exchange. Cooperation in this area will take into account the guidelines agreed under the auspices of the *European Initiative for Agricultural Research for Development* (EIARD) to foster cooperation of European partners. The main partners in Africa will be the Forum for Agricultural Research in Africa (FARA) and the related Sub-Regional Research Organisations (SROs).

- *Trade Facilitation, emphasising Quality Assurance and Improvement*

The aim of this cooperation area will be to strengthen Africa's ability to make markets work towards poverty reduction and recognise the crucial role of local and regional markets for agricultural produce. Current trade negotiations (EPAs, DDA) are likely to lead to enhanced agricultural trade opportunities for African countries in regional, European and global markets, requiring the facilitation of an adequate supply response. Proposed cooperation includes strengthening the ability to influence, to set and adhere to meaningful production and trade standards, in order to access or to continue accessing remunerative markets for agricultural produce and to guarantee product safety for consumers.

Cooperation will focus on regional market strengthening, trade surveillance, alignment of classification systems and standards, strengthening institutions involved in testing and compliance and in negotiations on standards. Main partners will be the AUC specialised, international normative institutions, research centres, RECs, regional farming and exporters' organisations, reference laboratories and relevant UN agencies.

- *Natural Resource Management: Land, Fisheries, Forestry*

This cooperation area will support the improvement of governance and management regimes for land, fish and forest resources that aim to combine environmental sustainability with profitable utilisation and poverty reduction.

Under this area, the focus will be on policy and governance, as well as on management and institutional arrangements around sustainable natural resource use. There will be support to cross-border resource management and policy harmonisation, to environmental monitoring, to exchanges of lessons learned and to cooperation in combating trade in illegal natural products. Main partners will be AUC, NEPAD, RECs, specialised NGOs and (sub-) regional land & water management, fisheries and forestry organisations, as well as European and international institutions, networks and platforms specialised in these sectors.

- *Livestock Development and Disease Control*

This cooperation area will enhance the sustainability of the livestock sector and its contribution to poverty alleviation and growth, with a particular emphasis on the strengthening of animal disease control knowledge and systems. Cooperation will aim to reduce animal mortality, lower livestock production risk and improve public health prevention, as well as improve access to regional and international markets, facilitate rational land use and reduce livestock contribution to environmental problems.

There will be cross-border cooperation on pastoralism, livestock land-use, livestock production systems and livestock trade; networks of veterinary services will be strengthened and knowledge on disease prevention methods will be developed and disseminated. Main partners envisaged are the specialised livestock agencies of the AUC, ILRI and livestock agencies at (sub-) regional levels, FAO, OIE and regional and international livestock and pastoralism organisations.

- *Risk Management*

This area of cooperation will, in particular, address capacities to reduce risks related to natural disasters and price shocks, with a focus on organisational questions and financial instruments.

There will be cooperation on disaster preparedness, prevention and response; reduced risk farming methods; use of innovative financial risk management tools and continental and regional early warning systems. Cooperation will include capacity building of key public and private organisations and improving access of African countries to international financial and insurance markets. Main partners will be AUC, RECs and international organisations, including the World Bank, FAO and WFP.

Coordination

Coordination with African institutions will take place in the framework of CAADP and under the leadership of continental and regional organisations, with a central role for AUC/NEPAD. The CAADP Partnership Platform forms the core mechanism to coordinate involvement of all development partners at the continental level. Similar platforms are being set-up at regional levels. At national level, the CAADP Country Round Table process and the existence of general agricultural coordination groups provide comparative platforms.

Donor coordination around CAADP will be enhanced, harmonisation and alignment will be facilitated by the Global Donor Platform on Rural Development (GDPRD), of which the EC and various Member States are active members. The GDPRD will act as donor focal point in communication with African organisations and will assist in the organisation of the CAADP Partnership Platform meetings, as well as coordination meetings among donors.

Coordination within the EU is proposed to be reinforced through an EU working group on African agriculture, technically supported by CTA. The working group will enhance synergies and improve quality and visibility of EU financing for African agricultural development.

2. Health care support

The average annual EC programmed support to health in over 100 developing countries over the last four years (reference period 2002-2006) has been of €595 million.

The EC trend on health development aid moved away from project support towards a Sector Wide Approach (SWAp) for health, where the breakdown by health areas is not decided in Brussels. In addition, during this period there has been a gradual increase of the share of EC ODA to the poverty reduction budget support (PRBS) linked to improved health and education which can be estimated – see below – to €180 m per annum. In total (including indirect estimates from general budget support), the global EC programmed support to health would be €700 m per year.

The present programmed support to health is channelled through the following financial tools:

The *country-programmed support*, reflected in the country strategy papers, for health in developing countries follows different programming cycles in the different regions. The common programming period of 2002-2004 will allocate an annual average close to €300 million (see table below) – approximately 4% of EC bilateral aid to developing countries. Most of the programmed support is directed to strengthen health systems and also focuses on priority areas such as communicable diseases and reproductive health.

The support to *regional and global initiatives* in health has currently programmed €337 million for the period 2002-2007, with an annual average of €136 million. These regional initiatives will be carried out mainly in the ACP region and with partner organisations WHO, UNFPA, IAVI, GAVI and UNICEF and mainly the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM, with an annual average of €104 m).

The programmed support to innovative initiatives through the thematic budget lines on poverty diseases and sexual and reproductive health and rights will reach €430 million for the 2003-2006 period, meaning an annual average of €57.5 million.

The NGO co-financing budget line will continue to program an annual average of €12 million for health-related programmes through calls for proposals for northern and southern NGOs.

The proportion of EC support given to humanitarian aid interventions will continue to range around 20% and 40% in the least developed countries in Africa - at present, €15 million per annum on average in the general annual budget estimates for ECHO..

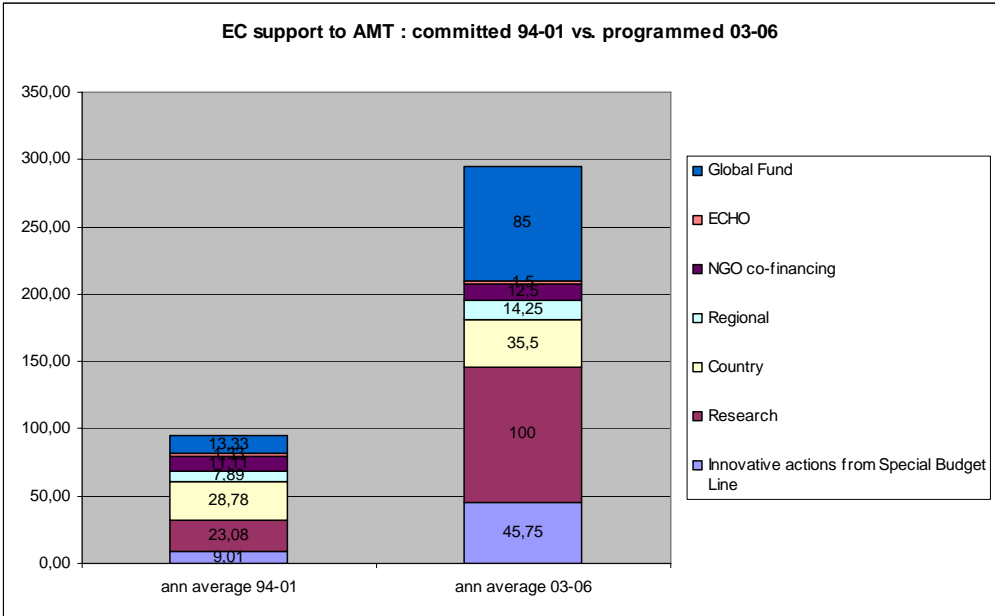
Support to health through General Budget Support: outcomes: in the 9th EDF €1, 8 billion was programmed in the ACP region for 2002-2007. It is difficult to track how much of the PRBS translates in increased national health financing, but taking an average of 9% of government allocations to health during that period and adjusting some 1% annual average growth (as the recent evaluation indicates) through the incentives in the

variable tranche (towards increased % of government allocation to health), the figure would be €180 m. In many cases, general budget support is linked (through variable tranche disbursements) to increased governments' budgets allocations to health and in 70% of those cases, targets towards progress towards the Abuja target (15% health allocation) were met.

The programmed support to *health research in partnership with developing countries* will have totalled some €450 million for the 6th Research Framework, with an annual average of €75 million. This includes research into clinical trials on effective and accessible medicines and vaccines for AIDS, TB and malaria.

In terms of supporting programmes to confront poverty-related diseases, the programmed support to health has had a growing focus on HIV/AIDS, malaria and tuberculosis, the main poverty-related diseases: overall, the EC has programmed support for an annual average of €64 million to fight HIV/AIDS, malaria and tuberculosis, that is 46% of the overall support to health in developing countries and an almost four-fold increase compared to commitments in the past period.

Graph 2.1.: EC/EU support to the Global Fund



Between 2001 and 2006, the European Union (EU Member States and the European Commission) provided more than 50% of the total contributions. In 2007, EU pledges will account for approximately 70% of the total, reflecting the EU's commitment to the achievements made thus far by the GFATM. To date, the EC has contributed a total of €22.5 million (covering the period 2002-2006: annual average of €104, 5 m), from both the EC budget and the European Development Fund (EDF). New contributions beyond 2006 will be determined in early 2007.

Capacity building

In December 2005, the EC produced a Communication entitled an *EU Strategy for Action on the Crisis in Human Resources for Health in Developing Countries (COM (2005)642)*⁴⁷. The Strategy reflects EU consensus on the need for action and recognises that Europe has an important role to play at country, regional and global levels. The Strategy also recognises that as a major beneficiary of migrant workers, Europe has a responsibility to support those countries facing a crisis, which are losing health workers by migration to Europe and other wealthy regions.

The World Health Report of 2006 entitled *Working Together for Health* focused on the health workforce crisis. In its adoption of COM (2005)642), the General Affairs and External Relations Council and the Representatives

⁴⁷In the table of Chapter II it is referred to as "Health Care Strategy".

of the Governments of the Member States meeting within the Council adopted, on 10/11 April 2006, Conclusions on the Health Workforce Crisis and made an EU Statement of Commitment to address the crisis, requesting the Commission and Member States develop a programme for Action. The EU Statement of Commitment coincided with the launch of the World Health Report and has helped to ensure that Europe makes a visible contribution to this important development challenge.

In December 2006, the EC adopted a *European Programme for Action (PfA)* to tackle the shortage of health workers in developing countries (2007-2013). The PfA produced, in consultation with the Member States, a clear set of actions at country, regional and global level that will be supported by the Commission and the Member States. The Conclusions of the Council of the European Union, of 15 May 2007, adopted the PfA and has further requested the Commission and Member States to develop a joint implementation plan and monitoring framework, to ensure that Europe meets its commitment to support action on the crisis.

Actions

The European Commission has been an active participant of the follow-up process to the High Level Forum on the Health MDGs, contributing to both the Oslo I and Oslo II meetings, which laid the foundation for the development of the Global Health Workforce Alliance.

The Commission has been a board member of the Global Health Workforce Alliance since its formation and has helped to ensure that the PfA is consistent with the global priorities identified by countries, organisations and agencies committed to addressing the health workforce crisis. The primary purpose of the Alliance is to work to the comparative advantage and strengths of each organisation, in order to most effectively support global and regional action and to align support behind country identified and defined priorities.

Special support in Africa

Working closely with WHO and its Regional Office in Africa, with the African Union and NEPAD, alongside networks of African NGOs represented by ACOSHED and AMREF, the European Commission has supported a series of meetings in Africa to help identify African priorities to address the crisis. The Commission provided support for sub-Regional meetings which fed in to the Botswana Inter-Ministerial Meeting on the Health Workforce, held in Gaborone from 2-4 March 2007. This meeting was critically important in terms of identifying African needs from the perspective of Ministries of Health, Education, Finance, Planning and Public Service. The declaration from Gaborone, was an important input to the AU Health Ministers Meeting held in Johannesburg from 9-13 April, at which a half day discussion on the health workforce, part funded by the EC fed into the AU Health Minister Meeting conclusions. AU Health Ministers have endorsed the AU Health Strategy, with its strong focus on tackling the health workforce crisis and recognised the importance of the Gaborone declaration conclusions.

The Commission believes that the AU/NEPAD, working closely with WHO and the Global Health Workforce Alliance, will play an important part in developing a strong and coordinated response to the health workforce crisis in Africa. The first year of funding from the EC financial allocation of €40 million to address global and regional issues on the health workforce crisis, will support WHO and GHWA coordination of international action, particularly focused on capacity-building to address health workforce issues in Africa.

Throughout 2007, the Commission will continue to work with the EU Member States to identify the set of bilateral and collective EU actions to address the health workforce crisis and to develop a joint implementation and monitoring framework. In addition, the Commission will continue to be an active member on the Board or in the working groups of the Global Health Workforce Alliance in order to support a strong international response to the crisis and to maintain strong European visibility in the development of a coherent and coordinated international response. Over the coming years (2008-2013) the Commission will programme the €40 million allocated in the PfA, in support of catalytic actions at regional and global levels which support strong country led responses.

3. Water

Despite the increased attention to water and sanitation resulting from the WSSD of 2002, political commitment remains weak and from OECD data, the overall level of ODA for water and sanitation in developing countries has declined. A re-doubling of efforts is called for. To achieve the water and sanitation MDGs in Sub-Saharan Africa, expenditure of at least US\$2 billion each year up to 2015 is necessary. At the current rate of progress,

sub-Saharan Africa will miss the MDGs target for access to basic sanitation by more than two generations and will miss the MDG target for access to safe water by a generation.

The EU is collectively the world's largest provider of development aid for water and sanitation. The EU Consensus on Development includes water (and sanitation) as one of the priorities for EC action. *EC water policy* in development cooperation has a number of clear priorities:

- Ensure a supply of sufficient, good quality drinking water, adequate sanitation and hygiene to every human being, especially the poorest and with a clear focus on the needs of women and children, with the general objective of reducing poverty and improving people's health, quality of life and livelihood opportunities
- Develop sustainable and equitable transboundary water resources management taking into account all relevant interests, integrating the competing needs of the various users and facilitating South-South co-operation
- Implement cross-sector coordination to ensure equitable, sustainable and appropriate distribution of water between users of different kinds. This requires the mainstreaming of water management principles in related policy areas.

The EU is attempting to scale up its investments in water and sanitation using different complementary instruments. The *EU Water Initiative* launched in 2002 at the WSSD in Johannesburg provides the policy framework for this. The NIPS/RIPs and the Water Facility are complimentary responses to national and regional demands for improved sector governance and delivery of access to basic services. The Infrastructure Partnership and its Trust Fund provides a framework that builds coherence between the national-led sector policies and strategies at a country level and the regional strategies led by the RECs and AUC at a regional and continental level. Each financing instrument has its unique value and works within a coherent approach that ensures correlation between actions.

The EU Water Initiative, launched at WSSD, is a basis for EU Member State-EC joint cooperation and is implementing the EU-Africa Partnership on water and sanitation. It is a political initiative and not a financial instrument to deliver official development assistance (ODA). The Initiative seeks to assist partner countries in the development and implementation of improved policies and strategies so that existing resources will be more effectively utilised and new resources will be attracted to the sector

The NIPs and RIPs respond to national demands for EC assistance and provide project, sector and budget support through national governments. They are at the heart of government-led development of national infrastructure. Under the 9th EDF approximately €475m (6%) was allocated to water and sanitation in the CSPs of 16 ACP countries. In EDF 10 current indications are that although more countries are likely to receive support for water and sanitation, the overall allocation is likely to be lower (around 3%).

A concrete outcome of the Water Initiative was the creation by the EC of the *Water Facility*, with €500.000 from the 9th EDF. The Water Facility doubled the EC's level of funding to water and sanitation under the 9th EDF. The first and second calls for proposals of the Water Facility resulted in the selection of 175 proposals, out of more than 1300, for a total EC contribution of €420M, with an additional €360M of co-financing. The projects are estimated to bring access to water and/or sanitation to about 21 million people over the next four years.

Beneficiaries of the Water Facility range from local communities, municipalities, private companies, civil society organisations and governments, regional and international organisations.

Projects involve partners such as EIB, Member State agencies and the International Financing Institutions. The Water Facility has demonstrated its advantage in targeting resources to decentralised local and municipal service providers, overcoming some of the constraints which hinder national government investment. The Water Facility has also demonstrated its ability to attract co-financing from Member States and to use grant development assistance to leverage EIB and other DFI financing for projects in Mozambique, Ethiopia, Lesotho, Malawi, Senegal and Benin. The grant component from the Facility for these projects has brought a poverty focus to loan-financed projects, extending coverage into peri-urban and poor areas, making loans more attractive and providing true leverage between the Facility, the EIB and other DFIs.

An Evaluation of the Water Facility is now being undertaken. A key objective is to enhance correlation within national programmes and other financing instruments of the Commission, EU MS and other donors, to support and work within national priorities and strategic frameworks.

The *EU-Africa Partnership on Infrastructure* focuses on trans-boundary and regional programmes that secure interconnection between regions and across Africa. For water, the Partnership addresses the sustainable use of regional water resources and improved water resources management at river and groundwater basin levels. It

will build on ongoing support provided from the 9th EDF (regional and Water Facility) to river basin cooperation in the Nile, Volta, Niger, Senegal, Lake Chad, Orange/Senqu, Lake Victoria-Kagera, as well as preparatory activities in the Congo. The combination of the EU Water Initiative and the Water Facility, provide the basis for the development of a strong water component of the Infrastructure Partnership, anchored in national and regional strategic frameworks.

The *Infrastructure Trust Fund* will leverage additional finance by blending grants from the 9th and 10th EDF and from EU Member States with loans from EIB and MS development financing institutions. The Infrastructure Partnership Trust Fund expands and strengthens regional programmes and activities led by the RECs, thereby building upon the increasing correlation between national and regional strategies. It brings opportunities to attract additional grant funds from the increasing aid budgets of EU MS and to leverage EIB and other DFI loan finance for regional programmes.

There is a need to further improve the synergy at country and regional level and to improve the correlation between the different financing instruments. Collectively, the interdependency of the Water Initiative, NIPs/RIPs, Facility and Infrastructure Partnership should support joint programming and lead to better opportunities for co-financing of both the Infrastructure Partnership Trust Fund and the Water Facility, attracting additional grant funds from the increasing aid budgets of EU MS and leveraging EIB and other DFI loan finance as well as finance from other (non-ODA) sources.

4. EU Commitments on Energy for Africa

Energy has been a central part of the dialogue between the EU and Africa since the launch of the *EU Energy Initiative (EUEI)* at the 2002 Summit in Johannesburg. At continent level, there is intensive dialogue with the African Union/NEPAD, as well as regional organisations. The EU has made important progress towards addressing Africa's energy challenges. This development is based on the dialogue within the framework of the EUEI and key policy decisions such as the *European Consensus and the EU-Africa Strategy*. At the level of implementation important actions are the Africa-Europe partnership on Infrastructure, the ACP-EC Energy Facility and the programming of the 10th European Development Fund

The Infrastructure Partnership, which will support regional energy infrastructure, was approved by the Council on 17 October 2006. The Partnership will be supported by a new *EU Infrastructure Trust Fund for Africa*, which is set up together with the European Investment Bank (EIB). The Trust Fund is an innovative way for the EC and interested Member States to co-finance with EIB and European and African Development Financing Institutions. Trust Fund grants are expected to cover (i) interest rate subsidies (ii) co-financing with EIB and other banks (iii) risk guarantee mechanisms not already covered by existing instruments and (iv) grants for project preparation and capacity building activities. The EU-Africa Infrastructure Trust Fund will receive €60 million from the 9th EDF. So far Member States have contributed €27 million. This is expected to release €260 million in loan financing from EIB.

The European Investment Bank and other potential financial partners of the Trust Fund, should be ready to present a first batch of infrastructure projects for approval by the end of 2007. The EU-Africa Partnership on Infrastructure will also draw upon resources from the 10th EDF and bilateral aid programmes financed by individual EU Member States. Based on current funding figures, allocations to infrastructure could increase from €3.75 billion (9th EDF, 2002-2007) to approximately €5.6 billion (10th EDF, 2008-2013).

The €220 million *ACP-EC Energy Facility* has now completed a call for proposals and selected 75 projects for funding. The bulk of the funds are allocated to co-financing of projects delivering energy services to rural areas. Outside the call for proposals, initial projects in support of the regional energy cooperation, such as the African power pools, are being prepared.

The programming of the *10th EDF (2008-13)* is ongoing. The European Consensus sends an important political signal from the EU and provides a platform for including energy in Country and Regional Strategy Papers and Indicative Programmes, both as sector and cross-sector interventions. Energy has already been suggested as an area for cooperation in a number of country programmes in Sub Sahara Africa (up to 10 smaller countries) and in the Pacific.

Towards a comprehensive Africa-EU energy partnership

The EU-Africa cooperation on energy was discussed at the Ministerial EU-Africa Troika meeting of 10 October 2006 in Brazzaville, where Ministers committed themselves to strengthen the political EU-Africa dialogue on energy and called for a comprehensive Europe-Africa energy partnership.

The priority of the energy cooperation between EU and Africa was highlighted in the Communication on an Energy Policy for Europe (COM 2007 (1)), launched by President Barroso on 10 January 2007. This includes a call from the Commission for the Council and the Parliament to endorse the proposal for creating a comprehensive Africa-Europe Energy Partnership to be launched at the highest level in 2007.

The Partnership has been discussed in the Council Conclusions of 14 May 2007, outlining the substance of the Partnership, with a focus on energy access, achieving the MDGs, energy security and climate change. Among more specific issues expected to be addressed in the partnership are increased investments in Africa's energy infrastructure, development oriented use of Africa oil and gas revenues, transparency, enabling frameworks and climate change.

On 27 June 2007, the Commission agreed on a Communication "From Cairo to Lisbon – The EU-Africa Strategic Partnership". In this Communication the Energy Partnership is listed as the first of five 'flagship' initiatives to be launched by the heads of State at the Lisbon Summit December 2007.

5. Habitat

The European Commission is closely cooperating with UN Habitat. One area of focus is to help Sub-Saharan countries to upscale urban issues in the global development agenda, therefore increasing funding for the sector. To this end, the European Commission is participating together with UN-Habitat in an action to complete urban profile studies for sub-Saharan African countries. The European Commission, through the European Development Fund, is also contributing to global initiatives such as the Cities Alliance.

8. Case studies of a successful EU programmes in Africa

8.1. Case Study: Microfinance Network

1. *Problem or issue addressed:* poverty – no financing options for the poor
2. *Name of the programme:* Microfinance Framework Programme
3. *Timeframe:* 2005 -
4. *Status:* ongoing
5. *Main objectives:* help the poor in ACP countries get better access to appropriate financial products and services
6. *Lead institution:* Europe Aid Co-operation Office
7. *Other implementation arrangements and stakeholders involved:* ACP countries, microfinance actors
8. *The results achieved* (if possible, please address the social, economic and environmental impacts of the programme): see text below
9. *The relationship of the programme to internationally agreed goals and targets:* fight against poverty
10. *Link:* http://ec.europa.eu/europeaid/where/acp/regional-cooperation/microfinance/index_en.htm

Microfinance Network case study description:

The European Union (EU) and the African, Caribbean and Pacific States (ACP) launched the Microfinance Framework Programme to help the poor in ACP countries get better access to appropriate financial products and services. The Programme is taking a three pronged approach to improve the effectiveness of microfinance operations in ACP countries: by strengthening the capacity of microfinance actors; supporting microfinance ratings and improving efficiencies and transparency in the microfinance market.

To address one of the main bottlenecks in microfinance in ACP countries, the lack of retail financial capacity, the EU/ACP Microfinance Programme launched a one off Call for Proposals in June 2005. Eleven grants were awarded to address the objectives of diversifying financial services for the poor, the use of technology to reduce transaction costs, the expansion of outreach of financial services in underserved markets and enhancement of transparency in the microfinance sector.

The Programme also supports the Rating Fund's efforts and is co-financing ratings in ACP countries up to the end of 2007 to improve information available on the risk and performance of microfinance institutions.

8.2. Case Study: EU Energy Initiative for Poverty Eradication and Sustainable Development

1. *Problem or issue addressed:* no access to modern and affordable energy by the poor
2. *Name of the programme:* EU Energy Initiative for Poverty Eradication and Sustainable Development
3. *Timeframe:* 2002-
4. *Status:* ongoing
5. *Main objectives:* to raise political awareness among high level decision makers, encourage the coherence and synergy of energy-related activities and attract new resources (capital, technology, human resources) from the private sector, financial institutions, civil society and end-users
6. *Lead institution:* European Commission and the member states of the EU
7. *Other implementation arrangements and stakeholders involved:* governments, other international energy initiatives, NEPAD, etc
8. *The results achieved* (if possible, please address the social, economic and environmental impacts of the programme): see text below
9. *The relationship of the programme to internationally agreed goals and targets:* MDG1&7
10. *Link:*
http://ec.europa.eu/development/Policies/9Interventionareas/WaterEnergy/energy/initiative/index_en.htm#1

EU Energy Initiative for Poverty Eradication and Sustainable Development case study description:

The European Union launched the EU Energy Initiative for Poverty Eradication and Sustainable Development (EUEI) at the World Summit on Sustainable Development (WSSD) in September 2002 as a joint commitment of the EU Member States and European Commission to support improved access to sustainable energy services in developing countries.

Through the Initiative, the EU proposes to work with developing countries towards creating the necessary conditions in the energy sector to achieve their national economic, social and environmental objectives, in particular by maximising energy efficiency, including more efficient use of fossil fuels and traditional biomass and increasing the use of renewable energy.

The goal of the Initiative is to contribute to providing the access to energy necessary for the achievement of the Millennium Development Goals, particularly, but not exclusively, that of halving the number of people in extreme poverty by the year 2015.

By creating a focus on energy and poverty the EUEI intends to:

- Raise political awareness among high level decision makers of the important role energy can play in poverty reduction
- Clarify the need for energy services for poverty reduction and sustainable development
- Make apparent the need for energy services in national/regional development strategies
- Encourage the coherence and synergy of energy-related activities
- Stimulate new resources (capital, technology, human resources) from the private sector, financial institutions, civil society and end-users.

The Initiative has been successful in improving coordination, dialogue and synergies and in creating a number of funding and capacity building instruments that contribute to improved energy access. Among these are the Energy Facility, the Infrastructure Partnership and Trust Fund, the COOPENER programme and the Partnership Dialogue Facility (PDF). Among the key priorities are co-financing of investments in sustainable energy and energy access, capacity building and support to analysis and policy dialogue e.g. on the important role of energy in national development plans and poverty reduction strategies.

The EU Energy Initiative participates in the energy and development dialogue within the UN Commission for Sustainable Development (CSD) and other global fora.

8.3. Case Study: ACP – EU Water Facility

1. *Problem or issue addressed:* Water management and sanitation problems in Africa
2. *Name of the programme:* ACP – EU Water Facility
3. *Timeframe:* 2004 -
4. *Status:* ongoing
5. *Main objectives:* Contribute to poverty reduction and sustainable development through the achievement of the specific Millennium Development Goals (MDGs) and World Summit for Sustainable Development (WSSD).
6. *Lead institution:* Europe Aid Co-operation Office
7. *Other implementation arrangements and stakeholders involved:* ACP countries
8. *The results achieved* (if possible, please address the social, economic and environmental impacts of the programme): see text below
9. *The relationship of the programme to internationally agreed goals and targets:* MDGs, WSSD, targets on water and sanitation in ACP countries
10. *Link:* http://ec.europa.eu/europeaid/where/acp/regional-cooperation/water/index_en.htm

ACP – EU Water Facility case study description

In March 2004, the EU Council decided to consider allocating a total amount of €500 million for an ACP-EU Water Facility, to be funded from the conditional €1 billion of the 9th EDF. The establishment of the ACP-EU Water Facility and its funding was endorsed by the ACP-EU Council of Ministers at its meetings in Gaborone in May 2004 and Luxemburg in June 2005. The two tranches of €250 million each have been made available.

The Programme aims to boost the sustainable delivery of water and sanitation infrastructure and improve water governance and Integrated Water Resources Management (IWRM) practices in ACP countries by helping to address the financing gap. The Facility was designed to attract funds from sources other than development assistance (ODA) and in particular, address the real needs of mixing loans and grants and bringing funds directly to local level. Beneficiaries range from local communities, municipalities, private companies, NGOs and governments, regional and international organisations and involve partners such as EIB, Member States agencies and the International Financing Institutions.

The first and second calls for proposals of the Water Facility resulted in the selection of 175 proposals out of 1300 submitted, for a total EC contribution of €420M, leveraging an additional €360M. The projects are estimated to bring access to water and/or sanitation to about 21 million people over the next four years. The response to the Facility has shown a high and unsatisfied level of demand for this kind of finance. It has demonstrated its added value in allowing new partnerships for investment in infrastructure, in mobilising the relevant local actors involved in the provision of services and in contributing to better governance and management.