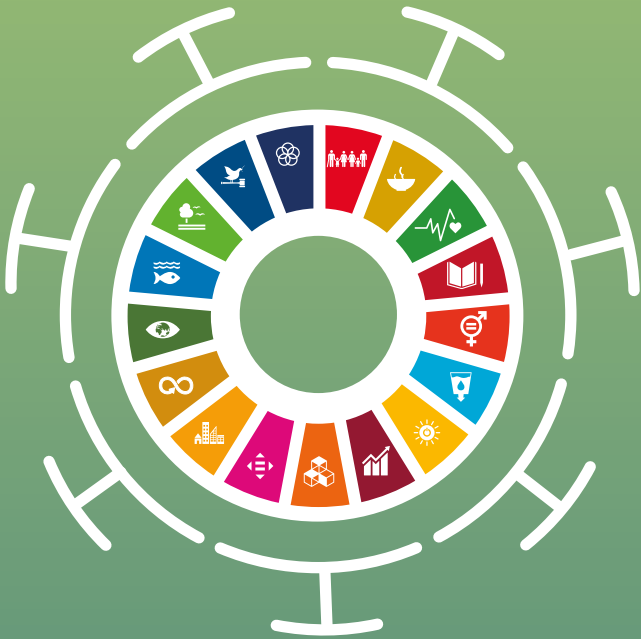




BUDGET SUPPORT

Trends and results 2021



International
Partnerships

BUDGET SUPPORT

Trends and results 2021

Directorate-General for International Partnerships
Directorate-General for Neighbourhood and Enlargement Negotiations
European Commission

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This report is based on data available at the end of 2020.

What is EU budget support?

EU budget support is a means of delivering effective aid and durable results in support of EU partners' reform efforts and the sustainable development goals. It involves (i) dialogue with a partner country to agree on the reforms or development results that budget support can contribute to; (ii) an assessment of progress achieved; (iii) financial transfers to the treasury account of the partner country once those results have been achieved; and (iv) capacity development support. It is a contract based on a partnership with mutual accountability. In compliance with the EU financial regulation, the use of budget support is subject to certain conditions. Eligibility criteria have to be met before a contract can be signed and must be maintained during its implementation before payments are made.

For an introduction to EU budget support, see the following videos: <http://bit.ly/EUbudgetsupportVideo> (which explains what EU budget support is), <http://bit.ly/EUbudgetsupportVideo2> (which explains how EU budget support operates and what it can achieve), <http://bit.ly/EUbudgetsupportVideo3> (which explains how EU budget support contributes to sustainable results) and <https://bit.ly/EUbudgetsupportVideo4> (which describes EU budget support in times of crisis – the state and resilience building contract).

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Contents

Executive summary	5
Part I – Results	6
SDG 1 – Bangladesh – Supporting vulnerable workers	7
SDG 1 – Senegal – Providing safety nets	7
SDG 1 – Paraguay – Assisting poor households	8
SDG 1 – Tunisia – Promoting social inclusion	8
SDG 1 – Rwanda – Improving resilience to COVID-19	9
SDG 1 – Georgia – Together against COVID-19	9
SDG 2 – Laos – Improved nutrition for babies	10
SDG 2 – Guatemala – Developing family agriculture	10
SDG 2 – Timor-Leste – Healthier children and mothers	11
SDG 3 – Wallis and Futuna – Digitalising health	11
SDG 3 – Peru – Improving child health services	12
SDG 3 – Mauritius – Reinforcing health systems	12
SDG 3 – Mauritania – Health sector response to COVID-19	13
SDG 3 – Armenia – Improving health sector resilience	13
SDG 4 – Haiti – Education for all	14
SDG 4 – Serbia – Linking education with employment and social inclusion	14
SDG 4 – Nepal – Inclusive, equitable and resilient education	15
SDG 4 – Botswana – Reforming vocational education	15
SDG 4 – Kyrgyzstan – Maintaining education provision	16
SDG 4 – Greenland – Increasing graduates’ employability	17
SDG 4 – Laos – Inclusive and equitable high-quality education	17
SDG 4 – Niger – Education for all	18
SDG 5 – Bhutan – Empowering women leaders	19
SDG 5 – Kyrgyzstan – Non-discriminatory and equal education	19
SDG 5 – Morocco – Promoting gender equality	20
SDG 6 – São Tomé and Príncipe – Granting access to water and sanitation	20
SDG 6 – Peru – Improving water services	21
SDG 6 – Afghanistan – Clean water and sanitation	21
SDG 7 – Vietnam – Improving access to electricity	22
SDG 7 – Dominica – Renewable energy and energy efficiency	22
SDG 7 – Tonga – Improving access to renewable energy	23
SDG 8 – South Africa – Creating jobs	23
SDG 8 – Tunisia – Mitigating the impacts of the COVID-19 crisis	24
SDG 8 – Montenegro – Supporting measures to address the COVID-19 pandemic	24
SDG 8 – North Macedonia – EU4Resilience	25
SDG 10 – Tunisia – More accessible justice for women and minors	25
SDG 10 – Morocco – Protecting the most vulnerable against the COVID-19 pandemic	26

SDG 11 – Colombia – Fostering economic development	26
SDG 12 – Jordan – Improving solid waste management	27
SDG 13 – Bhutan – Improving local government understanding of climate change	27
SDG 14 – Guyana – Improving integrated coastal zone management	28
SDG 15 – Bolivia – Integrated water and natural resource management	28
SDG 15 – Colombia – Sustainable local development in support of the peace agreement	29
SDG 16 – Uganda – Peace, justice and strong institutions	29
SDG 16 – Albania – Digitalisation for improved services	30
SDG 16 – Serbia – Increasing trust between communities and local government	30
SDG 16 – Serbia – Public administration and public finance management fit for crises	31
SDG 16 – Dominican Republic – Reforming administration systems for better service delivery	31
SDG 16 – Tunisia – Impetus for reforms to the judiciary	32
SDG 16 – Pakistan – Increasing trust between communities and local government	32
SDG 16 – Kosovo – Mitigating the consequences of the COVID-19 pandemic	33
SDG 16 – Morocco – Building resilience amid the COVID-19 pandemic	33
SDG 16 – Togo – Getting closer to people	34
SDG 17 – Cameroon – Linking domestic revenue mobilisation with forest conservation	35
SDG 17 – EU support for immediate debt relief for the 28 poorest countries	36
Part II – Risk management	37
1. Risk analysis	37
2. Mitigating measures and risk response	40
Part III – Geographical and financial distribution	43
1. Commitments	43
2. Disbursements	46
3. Fixed and variable tranches	48
4. Distribution by sustainable development goal and country income group	49
Annex 1 – Selected country indicators	52
Annex 2 – Country classifications	62

Abbreviations

EITI	extractive industries transparency initiative	RMF	risk management framework
G20	Group of 20	SDG	sustainable development goal
GDP	gross domestic product	SDG-C	sustainable development goal contract
IMF	International Monetary Fund	SRBC	state and resilience building contract
OCTs	overseas countries and territories	SRPC	sector reform performance contract
PEFA	public expenditure and financial accountability	TVET	technical and vocational education and training

Executive summary

Budget support has played a major role in the EU's global **response to the COVID-19 pandemic**, allowing it to react quickly, coordinate with other partners and maintain a strong policy dialogue – even in times of lockdown. It has helped countries mitigate the impact of the pandemic on the poorest and most vulnerable people by implementing public health, social protection and fiscal measures. This proves that budget support is **essential** in times of crisis.

Budget support is a means of delivering effective aid and generating fast, tangible and durable results in support of EU partners' reform efforts and the **sustainable development goals** (SDGs). It will remain at the core of the new Neighbourhood, Development and International Cooperation Instrument – Global Europe, an EU asset in the Team Europe approach, and a central contributor to the **global recovery**.

Before the crisis, EU budget support had helped **strengthen country systems** and budget processes with regard to delivering policies and achieving results. This enabled countries to be better prepared to cope with the pandemic. When the crisis hit, budget support provided **additional fiscal space** to tackle the pandemic. It provided **a platform for policy dialogue** with authorities on their plans and helped provide essential safeguards and promote accountability in the use of public funds in response to the pandemic. As the world continues to face the crisis, it supports **EU political priorities** to **build back better and greener** and to use the potential of **digitalisation to construct inclusive societies**, as well as promoting the fundamental values of the EU and involving civil society.

EU budget support covers a wide variety of sectors, with **228 contracts implemented in 95 countries or territories in 2020**. On average, it accounts for about 40 % of national cooperation programmes with partner countries. While payments ranged from EUR 1.6 billion to EUR 1.8 billion annually between 2014 and 2019, **the EU budget**

support disbursements neared EUR 3 billion in 2020 as a result of the pandemic. This support helped foster countries' resilience, allowing them to **focus on reforms** in different sectors and **preventing further economic and social setbacks**.

This report describes how EU budget support has helped different regions and countries, mainly, but not only, in responding to the pandemic. The report is divided into three parts.

Part I presents the **results** achieved by the partner countries and provides examples of EU budget support contributions to the 17 SDGs using 54 case studies; an additional case also highlights EU support for debt relief. The focus is on health and socio-economic responses to the pandemic, but the continued progress towards the SDGs is also emphasised.

Part II analyses the **risks and mitigation measures associated with budget support**. The COVID-19 crisis has strongly influenced the breadth and depth of these risks, delivering a triple shock to countries: a global pandemic, an economic crisis and a temporary disruption of capital flows with more difficult conditions in financial markets. In turn, both the macroeconomic risks and the political risks have increased sharply as lockdown and other exceptional measures have constrained freedoms and civic space.

Part III describes the **financial and geographical distribution** of EU budget support. Sub-Saharan Africa remains the largest recipient of EU budget support (38 %), followed by the European neighbourhood (27 %), Asia (17 %), Latin America (7 %), the Western Balkans (5 %), the Caribbean (3 %), overseas countries and territories (2 %) and the Pacific region (1 %). By contract type, sector reform performance contracts outweigh state and resilience building contracts and SDG contracts, with 75 % of the portfolio compared with 23 % and 2 %, respectively.

Part I – Results

EU budget support is implemented in the context of the 2030 agenda for sustainable development. This report presents the results achieved by partner countries and provides examples of the contributions made by EU budget support to each of the 17 sustainable development goals (SDGs).

The results highlighted reflect the variety of contexts in which EU budget support is implemented. The report focuses on the trends and results observed by the end of 2020, mainly, but not exclusively, in the context of the COVID-19 crisis. Some of the cases describe earlier contributions from EU budget support, which enabled countries to react when the crisis hit in 2020.

Under the development policy, the objectives of the EU focus on fostering sustainable development and eradicating poverty. Under the European neighbourhood policy, the EU works with its southern and eastern neighbours to foster stabilisation, security and prosperity. In the context of enlargement and with the prospect of EU membership, budget support is used to provide incentives for compliance with the Copenhagen accession criteria in candidate countries and potential candidate countries. It also contributes to the strengthening of civil society dialogue, enhancing market economies and supporting alignment with the EU *acquis*.

The analysis is based on recognised international databases ⁽¹⁾ and on an assessment of the 249 budget support programmes approved and implemented between 2014 and 2020 for a total

of EUR 14.1 billion, and of their 5 000 performance indicators. This analysis allows for an assessment of the sector distribution of the current portfolio and for an estimate of the overall contribution of EU budget support to each SDG. The findings of the analysis can be found in Part III of this report, but the 55 cases presented illustrate more definitively the results and trends observed in partner countries, and in addition the efforts made by the EU to tackle the debt crisis globally and locally.

Furthermore, every budget support contract – in other words, 100 % of the EU budget support portfolio – contributes to SDG 16 through the eligibility criterion on public finance management, combined with dedicated performance indicators and capacity development actions embedded in the operations. This applies to sustainable development goal contracts (SDG-Cs) and state and resilience building contracts (SRBCs), which typically address points covered by SDG 16, but also to sector reform performance contracts (SRPCs), which are aimed at improving sector governance and contributing to strengthening institutions. Moreover, some SRPCs are focused on public finance management, justice and, notably in the enlargement and neighbourhood contexts, public administration reform.

Likewise, every budget support contract contributes to SDG 17 through the eligibility criteria on macro-economic stability and budget transparency, similarly combined with performance indicators and capacity development.

⁽¹⁾ Data used in the report are drawn from official reports of partner countries or from the following public databases: World Development Indicators (<http://datatopics.worldbank.org/sdgs>); Worldwide Governance Indicators (<http://info.worldbank.org/governance/wgi>); the public expenditure and financial accountability programme (<https://pefa.org/assessments/listing>); the International Monetary Fund (IMF) World Economic Outlook database (<https://www.imf.org/external/pubs/ft/weo/2018/01/weodata/index.aspx>); Doing Business (<http://www.doingbusiness.org>); and the Open Budget Index (<http://survey.internationalbudget.org>). Comparisons between editions of *Budget Support – Trends and results* over multiple years must be handled with care as the countries receiving EU budget support vary from one year to another. See Annex 2 of this report to find out where EU budget support is currently being implemented.

1 NO POVERTY



SDG 1

Bangladesh – Supporting vulnerable workers

A newly established programme provided social assistance **to unemployed workers in ready-made garment / export-oriented sectors** with EU support



In response to the COVID-19 pandemic, part of the EU programme in support of the reform of the national social security system was reoriented and payments were front-loaded (EUR 113 million in the 2020/2021 fiscal year). This supported:

- i) an emergency response to provide cash assistance to unemployed and distressed workers in key export-oriented industries (ready-made garment and leather/footwear export industries);
- ii) the development of a sustainable and adequate social security mechanism for workers in the longer term.

Germany contributed to this programme through a transfer agreement of up to EUR 20 million, representing a welcome step forward for joint implementation. Under its COVID-19 national response plan, the government of Bangladesh also expanded coverage of core safety net programmes to 5 million informal workers and daily-wage labourers.

1 NO POVERTY



SDG 1

Senegal – Providing safety nets

Team Europe helped **people and companies to access socioeconomic protection** through transparent public finance management systems



In response to the COVID-19 crisis in Senegal, the government developed a matrix of policy objectives with development partners, including EU Member States and the International Monetary Fund (IMF), the World Bank and the African Development Bank.

This matrix served to promote the objectives of good governance and transparency of COVID-19 funding and efficiency of economic support measures and social assistance.

This dialogue has been associated with budget support of EUR 124 million from the EU and EUR 100 million from Germany. This Team Europe support contributed to the transparent management of COVID-19 response funds in Senegal, to assist those companies most affected by the pandemic through temporary tax relief and direct aid or concessional credit, and to maintain access to essential services and social protection and cover water and electricity bills for poorer sections of the population.

1
NO
POVERTY**SDG 1****Paraguay – Assisting poor households**

The social protection system benefited

more than 2 million vulnerable people

by providing food and social assistance



The COVID-19 pandemic revealed the urgency of accelerating implementation of Paraguay's social protection system *Vamos!*

The EU supported Paraguay's efforts to roll out the scheme by providing technical assistance to the government in identifying and prioritising the most vulnerable families.

This mapping allowed 2 146 141 people working in the informal sector to access state subsidies for food and social assistance. With the new budget support programme signed in 2020, the implementation of this public policy will reduce inequalities and establish a net of protection for the entire population. From the outset, Paraguay has demonstrated its commitment to universal social protection. It was one of the first partner countries to claim membership of and pledge support for the Global Partnership for Universal Social Protection.

1
NO
POVERTY**SDG 1****Tunisia – Promoting social inclusion**

EU support contributed to cash transfers and in-kind aid targeted at

1 100 000 poor and low-income households,

with an increased use of e-payments



The EU has been assisting Tunisia in its efforts to implement a major social welfare programme, the *Amen Social*. The programme aims to foster social inclusion, extend universal health insurance coverage and advance gender equality.

The COVID-19 crisis has put an additional strain on poor and low-income households. An additional 300 000 families joined social protection schemes in Tunisia in 2020.

To face this challenge, the government of Tunisia increased the coverage of its social protection programmes by providing in-cash and in-kind assistance to approximately 1 100 000 families. The first instalment under the EU budget support programme (EUR 30 million) accounted for about 40 % of the emergency aid provided to households from the national budget.

In addition, the government increased the use of e-payments for the transfer of monetary assistance to beneficiaries, thus promoting financial inclusion. Secure mobile payments and virtual accounts were launched for the first time in Tunisia.

Additional measures improved the coverage of social programmes for workers in the informal sector, in particular in rural areas, where a large proportion of the informal workforce is made up of women.

1 NO POVERTY



SDG 1

Rwanda – Improving resilience to COVID-19

The EU helped improve social protection coverage for at least **400 000 vulnerable households** and provide health insurance to **2 million families**



In Rwanda, the EU supported the government's response to the COVID-19 crisis, with a view to mitigating the impacts of the pandemic on the poorest.

With EU budget support, at least 400 000 vulnerable households received cash transfers, food assistance, access to finance and improved basic services. In addition, 2 million families started benefiting from health insurance coverage in Rwanda.

1 NO POVERTY



SDG 1

Georgia – Together against COVID-19

The EU helped Georgia in preserving over **400 000 jobs and providing assistance to 78 000 families**, and supported the health sector



The introduction of strict measures to combat the COVID-19 pandemic took a toll on Georgia's economy and led the government to adopt a comprehensive anti-crisis economic plan. The EU responded by rapidly rolling out a COVID-19 resilience contract for Georgia, which contributed to helping the country's population cope with the economic crisis caused by the pandemic.

EU funding allowed the government to provide support to companies, which preserved jobs for over 400 000 employees, and assistance to more than 78 000 vulnerable households and around 45 000 people with disabilities.

Complementary to the budget support operation, which helped increase the number of beds in intensive care units in Georgia to over 1 400, the EU supported a diverse range of measures to fight the pandemic. Georgian frontline responders and laboratories received almost 2 million items of medical equipment, including ventilators, medical masks and gowns.



SDG 2

Laos – Improved nutrition for babies

Laos made regulatory changes
to protect and promote breastfeeding
 with the support of the EU



In Laos, support for the national nutrition strategy and its action plan is key for human, social and economic development, while also addressing food security challenges.

The EU has been supporting breastfeeding promotion in the country for many years. In 2020, the government adopted a decree on food products and feeding equipment for infants, promoted by the EU nutrition budget support programme.

The implementation guidelines for this decree set out the mechanism for the legal protection and promotion of breastfeeding through the provision of adequate information on infant feeding, and also put in place strict regulations on the marketing of breastmilk substitutes, bottles and teats.

Breastfeeding is not only the foundation of a child's healthy development; it also forms the basis of a country's development. By promoting maternal and child health, society will see improvements in terms of educational attainment and increased productivity.



SDG 2

Guatemala – Developing family agriculture

To increase resilience amid the COVID-19 pandemic,
285 113 subsistence farmers
 received agricultural inputs to improve production



In Guatemala, EU budget support has contributed to the family agriculture programme. In 2020, the government received funds to finance a national agricultural plan, which was adopted to address the COVID-19 crisis.

Under this programme, the government distributed food assistance and transferred funds or provided inputs to rehabilitate productive systems of affected subsistence farmers.

This emergency programme ensured that, up to September 2020, and in spite of the crisis, 257 329 subsistence farmers benefited from training and 285 113 farmers received agricultural inputs (mainly seeds). Family farmers who were already established were also supported to market their products, especially to the local school feeding programme. Farmers, mostly women, organised in more than 7 000 groups, received technical assistance from extension officers through a network of 340 municipal offices.



2
ZERO
HUNGER

SDG 2

Timor-Leste – Healthier children and mothers

The EU helped improve the exclusive breastfeeding rate
by 10 %
for infants aged less than 6 months



Nutrition has long been at the core of EU support for Timor-Leste. Through its partnership with the authorities, the EU is financially and technically supporting Timor-Leste in the implementation of its nutrition strategy, with the aim of strengthening primary healthcare and nutrition services for the population.

To complement the budget support, the EU contracted the United Nations Children's Fund to provide technical support to the Ministry of Health and other involved ministries to upgrade nutrition services (in relation to the prevention and management of malnutrition and common diseases; dietary diversification and behavioural change; and improving breastfeeding practices).

In 2020, EU support contributed to improving the exclusive breastfeeding rate for infants (aged less than 6 months) by 10 %. The stunting rate decreased from 50.2 % to 47.1 % and the underweight rate decreased from 37.7 % to 32.1 % among children aged 0–59 months. In addition, maternal undernutrition, as measured by the prevalence of maternal thinness, fell from 27 % to 25 %. The full immunisation coverage of 1-year-old children also increased, from 46 % to 74.3 %.



3
GOOD HEALTH
AND WELL-BEING

SDG 3

Wallis and Futuna – Digitalising health

Thanks to an EU-supported improved internet connection,
over 300 remote medical consultations
have taken place since 2019



The geographical isolation of Wallis and Futuna, a French overseas territory in the Pacific, presents considerable challenges. To address these challenges, access to digital services is the priority sector in terms of cooperation with the EU.

Over 60 % of the population suffer from obesity and other related health conditions (e.g. diabetes and gout) and the local provision of treatments is limited. People with serious conditions often need to travel to New Caledonia, Australia or even France for consultations and treatments. EU budget support helped finance the territory's connection to an oceanic digital cable and to introduce broadband. This digital upgrade enabled the health agency to develop telemedicine capabilities and to improve the prevention, early detection and treatment of many diseases. More than 300 remote medical consultations have taken place since 2019, a significant number for a population of 11 500 inhabitants.

3 GOOD HEALTH AND WELL-BEING



SDG 3

Peru – Improving child health services

Through the EU partnership, a service delivery model was developed, **resulting in a reduction in waiting times of 83 %**, as well as more effective and higher quality care



In Peru, access to child health services is critical to prevent stunting and avoid chronic child malnutrition, especially in the remote Peruvian Amazon, which has the largest gaps in access to high-quality child health services in the country and where the majority of Peru's vulnerable population lives.

The EU budget support programme for social inclusion has contributed to developing a child health service delivery model that is adapted to the indigenous population's needs.

Waiting times were reduced from an average of 2 hours in 2018 to 20 minutes in 2020, and effective attention time increased by 38 %. In addition, staff were trained to provide high-quality care and counselling. This adjusted child health service model has allowed 25 000 children to access better health services. This model will be progressively expanded to the rest of the population in the four Amazon regions. The model was adapted to the context of the COVID-19 pandemic and has informed the Ministry of Health's guidelines on attending children during the pandemic.

3 GOOD HEALTH AND WELL-BEING



SDG 3

Mauritius – Reinforcing health systems

The EU helped set up **a dedicated COVID-19 treatment hospital and five testing centres** in response to the pandemic



In Mauritius, the COVID-19 pandemic has caused a severe strain on the public health system and affected the country both economically and socially.

The EU responded to the COVID-19 crisis by redirecting EUR 7.9 million to the health sector. The budget support programme contributed to the implementation of the COVID-19 strategic preparedness and response plan and to the finalisation and approval of the 2020–2024 health sector strategic plan.

The COVID-19 response allowed Mauritius to step up the detection and treatment of COVID-19 cases in dedicated structures. The response included a dedicated COVID-19 treatment hospital, five COVID-19 testing centres, the establishment of a protocol for quarantine centres, active surveillance and contact tracing to limit transmission, and various awareness campaigns. This has allowed Mauritius to successfully limit the transmission of cases within the country.

3 GOOD HEALTH
AND WELL-BEING

SDG 3

Mauritania – Health sector response to COVID-19

The EU contributed to the acquisition and distribution of
protective equipment to 500 health structures
in Mauritania



A multisectoral approach using budget support was implemented in Mauritania to support the country in its fight against the COVID-19 crisis. When the crisis hit, budget support became an important instrument in the immediate crisis response by providing liquidity through the country's budget.

The EU built on an existing project in the health sector, using available funds to provide budget support and help with the health response. The EU had an ongoing policy dialogue with the Ministry of Health.

This budget support strengthened the response to the pandemic by the Mauritanian government. At the same time, significant institutional support was provided and several EU projects were partially reoriented to enable the acquisition of protective equipment and its distribution to 500 health structures (more than 50 %), the construction of 18 incinerators, the supply of equipment and consumables for 30 000 polymerase chain reaction tests and the training of 300 health personnel.

3 GOOD HEALTH
AND WELL-BEING

SDG 3

Armenia – Improving health sector resilience

The EU helped equip
192 intensive care beds
for COVID-19 patients



In Armenia, the EU contributed to improvements in dedicated healthcare facilities for COVID-19 patients.

In May 2020, the upward trend in COVID-19 cases observed in Armenia triggered an urgent need to expand the capacity of its intensive care units.

Through dedicated EU support the number of fully equipped intensive care beds increased from 185 to 377.

4
QUALITY
EDUCATION**SDG 4****Haiti – Education for all**

With EU support,

Haiti adopted a new 10-year sectoral policy on education

In Haiti, EU budget support contributes to essential sectoral governance reforms to enable the improved use of resources and better planning in the education sector, as well as efforts to improve access to decent-quality public education for all.

Despite the manifold challenges of 2020, the EU contributed to the adoption of a new 10-year strategy on sector reforms, and significant progress in strategic planning at decentralised level was achieved. The EU and Spain joined together to support complementary measures to budget support that focus on the capacity building of authorities. In the COVID-19 context, sanitary kits including soap, clean water and antibacterial gels were distributed at schools in the south-east of the country, reaching at least 26 500 students.

4
QUALITY
EDUCATION**SDG 4****Serbia – Linking education with employment and social inclusion**

The EU contributed to the training of

over 40 000 education professionals,
including teachers, principals and teaching associates

In Serbia, the EU helped improve the quality, equity and relevance of education, focusing on the education needs of underprivileged students. Since 2017, over 40 000 education professionals (teachers, principals and teaching associates) have been trained to deliver modernised outcome-oriented curricula. Students now have better access to textbooks in eight national minority languages; in total, 121 distinct textbooks in those languages have been distributed. In addition, 704 state-financed scholarships were awarded to Roma secondary school students, half of them girls, in the 2019/2020 school year. A national qualifications system was set up, ensuring the high quality and relevance of programmes at all levels of education.

The programme has also been instrumental in the EU response to the COVID-19 crisis in Serbia. Not only have the available funds contributed to the continued implementation of sector reforms, but also the programme has supported measures to combat the pandemic in the area of education, improving access to online education and distance learning for the most vulnerable children.



SDG 4

Nepal – Inclusive, equitable and resilient education

The EU helped

1 million children

continue their education through radio learning



The closure of all educational institutions because of the COVID-19 pandemic hampered the implementation of Nepal's school development plan.

To support the government in carrying out its COVID-19 contingency plan, the EU provided additional assistance, increasing its financial and technical support for the sector by an additional EUR 20 million.

This support helped 1 million children continue their education through radio learning. A total of 165 000 self-learning materials were distributed, and 1 284 video lessons and 480 audio lessons were produced. Water, sanitation and hygiene facilities were repaired or installed in 66 schools. Furthermore, 202 schools that had been used as quarantine centres were cleaned and disinfected to prepare them for reopening.



SDG 4

Botswana – Reforming vocational education

With the support of the EU,

187 teachers were trained

in pre-vocational and foundation subjects



The support programme for technical and vocational education and training (TVET) reforms assisted Botswana in transitioning to a knowledge-based economy by providing its youth with high-quality and relevant education and skills. TVET reforms were supported at policy level and on the ground.

Botswana's senior secondary schools received assistance in providing up-to-date subjects and connecting students with their first professional experiences. Better cooperation between public institutions and employers for relevant skills development and workplace learning was facilitated, with special attention given to women's participation in all areas.

Faced with the global COVID-19 pandemic, the EU expedited the annual payment in May 2020, which amounted to EUR 2 million. Despite the pandemic, the national TVET policy was finalised and submitted to the Cabinet for endorsement. Multiple pathways in education were introduced in two senior secondary schools, which have been rehabilitated, and the schools are now offering four pre-vocational subjects: one in tourism and hospitality and three in agriculture. In-service teacher training continued, with 187 teachers trained in pre-vocational and foundation subjects.



SDG 4

Kyrgyzstan – Maintaining education provision

The EU helped equip

44 schools in rural and remote areas

with offline digital libraries



In Kyrgyzstan, with the support of the EU, two boarding schools for orphans were supplied with personal protective equipment during the peak of the pandemic and the difficulties caused by the country's lockdown.

In total, 60 out-of-school children with disabilities in remote areas were connected to the digital education platform, enabling them to select and follow e-lessons at any time during the 2020/2021 academic year. Furthermore, 44 schools in rural/remote areas with no internet access or unstable connectivity were equipped with locally developed offline digital libraries containing e-lessons in Kyrgyz, Russian and Uzbek, as well as other learning materials.

This enabled students to save offline digital lessons on their personal devices and continue with their education, irrespective of internet access and the availability of teachers and textbooks. The 207 most-needed textbooks were converted to electronic format and uploaded to the website of the Ministry of Education and Science, enabling free access and online learning in a context in which a shortage of hard copies of the textbooks is often observed.

4 QUALITY EDUCATION

**SDG 4****Greenland – Increasing graduates' employability**

The school graduation rate has increased

by 7 %

since 2013



Globally, Greenland has the lowest population density, which, combined with its limited infrastructure, poses formidable challenges in ensuring equal access to high-quality education. For this reason, the EU and Greenland joined forces through the Greenland education programme. This partnership combines budget support, technical expertise and policy dialogue, with the aim of providing a higher standard of living and a better quality of life in Greenland. This cooperation has yielded positive results.

The island registered a 7 % increase in graduations (secondary and tertiary education, TVET) between 2013 and 2019. The better quality of education increased employability, with 84.5 % of TVET graduates and 99.3 % of graduates from tertiary education finding a job within 1 year of graduation. The gender balance has also improved and women accounted for 54 % of TVET graduates, 60 % of high school graduates and 70 % of graduates from tertiary education in 2019.

Innovation and digital technologies are pivotal to this success. Greenland initiated a high school distance learning programme in 2018, which has proved especially valuable during the COVID-19 crisis. The policy dialogue informed a new draft law on higher education, inspired by international quality standards, and an education strategy for 2020–2030 to consolidate reform achievements. Greenland's strong commitment to education is also demonstrated in the budgetary allocations to the sector, which have increased from 14.8 % in 2005 to 25 % of the total budget in the last few years.

4 QUALITY EDUCATION

**SDG 4****Laos – Inclusive and equitable high-quality education**

The EU has contributed to

raising the net primary school enrolment rate to 99 %

to achieve universal access to primary education



Improving the quality of education in Laos rural schools requires the more reliable provision of financial and human resources. The EU has provided support to strengthen the Ministry of Education and Sports' capacity to better allocate its human and financial resources at district and school levels.

The Ministry has adopted guidelines on equitable teacher allocation and on equitable funding allocation to education and sports offices at provincial and district levels. The implementation of these guidelines has shown its commitment to improving the efficiency and effectiveness of resource allocation at subnational level, helping to narrow inequalities in access to high-quality basic education, and also to advocating for securing the appropriate level of funding for the education budget.



SDG 4

Niger – Education for all

Niger is

improving the quality of and access to education

with the support of the EU



In Niger, the EU has supported the efforts of the government to implement major reforms, with the aim of providing decent-quality education for all and reducing gender disparities. The new education sector transition plan, adopted in 2020, covers the following issues: strengthened governance for planning/budgeting, improved data quality, curriculum reform evaluation, efficient and transparent mobilisation and management of resources (school mapping) and the matching of training and employment. These reforms are essential for the equal integration of young people, girls and boys into society and the labour market and are supported by the EU through budget support.

In 2020, the government signed an administrative decree establishing the equal distribution of education allowances between girls and boys in general secondary education. The government has also adopted a new legal framework for strengthening the production of sector statistics.

During the COVID-19 pandemic and major floods, and in the context of repeated instability in certain areas of the country, the EU has also supported the government's efforts to tackle education issues in emergencies. In 2020, the government implemented mitigating measures that have limited the damage in terms of educational failure, school dropouts and the early marriage of girls.

5
GENDER
EQUALITY**SDG 5****Bhutan – Empowering women leaders**

The EU supported leadership and governance
training for more than 300 women
 elected to local government assemblies



The EU has been promoting women's participation in local government training programmes. Women's participation increased from 16 % in 2018/2019 to 34 % in 2019/2020. More than 300 elected women local government representatives and aspiring women candidates were trained in leadership and governance.

The training sessions provided participants with a platform to exchange experiences, knowledge and ideas, paving the way for more women candidates in the 2021 local elections. This training also provided participants with better tools to assess local government performance and familiarise themselves with policy implementation. Currently, women comprise only 11.47 % of the elected representatives at local government level, but this number is expected to increase from 2021.

5
GENDER
EQUALITY**SDG 5****Kyrgyzstan – Non-discriminatory and equal education**

EU budget support contributed to the adoption of regulations
on non-discrimination and gender messaging
 in all new learning materials and textbooks

МЕКЕНИМ — КЫРГЫЗСТАН

In Kyrgyzstan, in line with the rights-based approach, the EU budget support programme is helping to ensure the provision of non-discriminatory and equal education. The preparation and adoption of relevant legislation along with a methodology manual and practical examples enabled the compulsory integration of non-discrimination and gender expertise in all new teaching materials and textbooks. This put an end to gender-blindness and inequality in the education system.

A special online platform has been activated for all practitioners involved in the preparation of textbooks and teaching materials to enable them to learn the new methodology. In total, 17 trainers have been certified to teach teachers, textbook authors and other practitioners across the country. Meanwhile, a database of experts is being developed to roll out this important initiative nationwide.

5
GENDER
EQUALITY**SDG 5****Morocco – Promoting gender equality**

The EU contributes to supporting
a post-pandemic inclusive society
 through its support for the national gender policy



The EU supports the national gender policy in Morocco, which is especially relevant in the COVID-19-affected economy. In 2020, this was translated into improved support for women's vulnerability through targeted social protection benefits or cash transfers, as well as specific measures in the health and justice system to protect women victims of violence.

In 2020, the EU programme contributed to the conception and roll-out of an economic empowerment plan for women as part of the resilience strategy for the post-pandemic economy. This action also allowed the setting up of institutional processes at national and local levels to support victims of violence, with a focus on monitoring the penalisation of violence and child marriage. Gender-responsive budgeting has also been applied to ensure gender integration in the programming and budgeting of national strategies.

6
CLEAN WATER
AND SANITATION**SDG 6****São Tomé and Príncipe – Granting access to water and sanitation**

Access to water was granted to
more than 80 % of the population
 with the support of the EU



Since 2015, EU budget support has been supporting the development of the water and sanitation sector in São Tomé and Príncipe. Between 2016 and 2019, the domestic water supply increased by 27 %, granting access to water to more than 80 % of the population.

In addition, the EU contributes to the improvement of public finance management, enabling the country to achieve greater transparency in and better oversight of the management of the state budget. Comprehensive information on budget execution is made available to the public in a timely manner.

In 2020, the EU front-loaded a disbursement of EUR 5.25 million to help mitigate the socioeconomic impacts of the COVID-19 crisis. This provided fiscal resources to enable authorities to take immediate actions to help the most vulnerable groups, and to implement other extraordinary budget measures in the midst of the unprecedented external shock. Continued policy dialogue has helped keep the reform of public finance and of the water and sanitation sector on track.

6 CLEAN WATER AND SANITATION



SDG 6

Peru – Improving water services

Access to water and the quality of water have improved
for 70 000 inhabitants of 125 rural communities
 in the context of the EU–Peru partnership



In Peru, 76 % of the rural population have access to water services, but only 3 % have access to safe drinking water. This situation is even more critical in the Amazon region, as the services are inadequate for its geographically dispersed population.

The EU budget support programme for social inclusion has contributed to enhancing the capacity of the regional governments of the Amazon to guide municipalities in their role of providing technical assistance to community providers of rural sanitation services.

The regional governments co-financed the maintenance of sanitation infrastructure in rural areas, which allowed 70 000 inhabitants of 125 rural communities to benefit from improved access to drinking water. In addition, thanks to the support provided, the Peruvian government has redesigned the rural water and sanitation service model, to consider the particular needs of the Amazon region.

6 CLEAN WATER AND SANITATION



SDG 6

Afghanistan – Clean water and sanitation

The EU supported an increase in basic service delivery and, notably,
access to clean drinking water for over 2 million people
 in rural communities



The ‘Citizens’ Charter’ is a government-led programme in Afghanistan with a twofold purpose: bringing basic public services to the population and empowering local self-governing bodies to decide on the best use of the available funds.

With EU support, the ‘Citizens’ Charter’ has delivered clean water, electricity, roads and irrigation, healthcare and education to communities across the country, benefiting more than 13 million people since its introduction in 2016.

These services are part of a package of minimum service standards that the government has committed to delivering to its citizens. The EU budget support programme has, over the last 4 years, incentivised different components of the programme, including the construction of 7 550 water points in 2017 and 2018, 5 450 projects on energy, roads, schools, drinking water and irrigation in 2019 and over 2 000 similar projects in 2020.

7 AFFORDABLE AND CLEAN ENERGY



SDG 7

Vietnam – Improving access to electricity

The EU helped

connect 650 households

on remote Nhon Chau island to the power grid



In Vietnam, the EU programme for sustainable energy has improved access to energy for households in rural and remote areas and has supported the shift towards greener energy.

In 2020, EU budget support contributed to the grid connection of 650 households on Nhon Chau island through a 10 km submarine power cable, replacing the need for diesel power generators.

A renewable energy policy environment allowed Vietnam to achieve 100 000 solar rooftops (equivalent to 9 300 megawatts-peak by the end of 2020, just 18 months after launching a targeted solar rooftop programme.

7 AFFORDABLE AND CLEAN ENERGY



SDG 7

Dominica – Renewable energy and energy efficiency

EU budget support contributed to the

installation of dual solar and wind power for 2 700 street lights

along Dominica’s highways



In Dominica, the EU budget support programme for renewable energy and energy efficiency is contributing to the revision and implementation of the national energy policy, including guidelines on resilience and climate change adaptation and mitigation.

The policy seeks to achieve sustainable energy development that is reliable and that provides universal access to energy and opportunities for significant reductions in energy costs. The policy also aims to make Dominica the first climate-resilient country by 2030.

As a result of EU support, energy audits and building condition surveys have been completed in 14 public facilities, and four government buildings are benefiting from the implementation of energy efficiency measures. Another notable project is the installation of dual solar and wind power for all street lights along Dominica’s highways. By mid-2020, 2 700 such street lights had been installed. The programme is also supporting the construction of a climate-proofed solar power plant at the Douglas–Charles Airport and awareness campaigns on renewable energy and energy efficiency.

7 AFFORDABLE AND
CLEAN ENERGY

SDG 7

Tonga – Improving access to renewable energy

The EU has contributed to increasing

to 17.19 %

the proportion of electricity generated from renewable energy



In Tonga, the EU has supported the implementation of the energy roadmap, which aims to reduce Tonga's vulnerability to oil price shocks and achieve an increase in high-quality access to modern energy services in an environmentally sustainable manner.

Tonga has set an objective to generate 70 % of its electricity from renewable sources by 2030. The EU contributed to increasing to 17.19 % by October 2020 the proportion of electricity generated from renewable energy. A production capacity of 7 megawatts is now in place. The system losses have decreased and energy accessibility has improved, as has the institutional and regulatory framework for the sector. In 2019, 91 % of the population had access to electricity.

8 DECENT WORK AND
ECONOMIC GROWTH

SDG 8

South Africa – Creating jobs

The EU facilitated the creation of

88 632 jobs

in micro-, small and medium-sized enterprises and cooperatives



EU support for ecosystem development for small enterprises contributed to inclusive and sustainable economic growth and employment creation by helping to finance 72 897 micro-, small and medium-sized enterprises and cooperatives between April 2018 and March 2019. This led to the creation of 88 632 jobs, notably in black-owned businesses and women-owned enterprises.

In 2020, the COVID-19 pandemic added to the pre-existing slowdown in the South African economy. The main impact has been felt by vulnerable people, with expected long-lasting effects on poverty, inequality and unemployment. In this context, the employment creation sector has been one of the key areas of the EU response to the pandemic crisis through the provision of budget support. In order to address the challenges faced by businesses, the EU topped up its support by EUR 4.2 million in 2020. This allowed for further support to be provided to disadvantaged entrepreneurs.

8 DECENT WORK AND
ECONOMIC GROWTH**SDG 8****Tunisia – Mitigating the impacts of the COVID-19 crisis**

The EU provided support to

improve the investment climate and address the economic challenges

of the COVID-19 crisis



The EU programme encourages and supports an ambitious reform agenda in Tunisia on enhancing the investment climate. This is aimed at better exploiting Tunisia's economic potential and at boosting its productivity. Better economic performance is also key to sustaining Tunisia's democratic transition.

The programme supports key economic areas such as port logistics, business licensing and access to finance. The programme has also been rolled out to mitigate the economic shock caused by the COVID-19 pandemic, by providing resources to ease the fiscal impact and support the economic mitigation efforts of the government.

8 DECENT WORK AND
ECONOMIC GROWTH**SDG 8**

Montenegro – Supporting measures to address the COVID-19 pandemic

The EU helped the authorities reach out to

100 micro- and small enterprises

to combat the social and economic consequences of the COVID-19 pandemic



With the arrival of the COVID-19 pandemic, Montenegro was faced with difficult choices. In order to support people throughout the country in both the social sphere and the economic sphere, the government designed a set of focused measures to be rolled out as quickly as possible to mitigate the crisis.

The EU assisted this mitigation of the socioeconomic impact of the crisis, especially on vulnerable groups, by providing liquidity to the government's emergency support scheme. Among the measures introduced by the authorities and supported by the EU was one that targeted small and very small businesses suffering

under the lockdown and consequent economic contraction. The measure was a much-needed response, as many businesses could not operate and people lost their incomes. It is estimated that up to 100 businesses benefited directly from EU support, with many more people and communities being impacted indirectly.

8 DECENT WORK AND
ECONOMIC GROWTH**SDG 8****North Macedonia – EU4Resilience**

The EU contributed to supporting

2 009 micro- and small companies employing more than 15 000 workers

to address the economic and employment impacts of the COVID-19 pandemic



EU budget support of EUR 40 million contributed to addressing the immediate social and economic consequences of the COVID-19 pandemic, in line with the third priority of the Team Europe approach.

With this EU contribution, more than 2 000 micro- and small companies, employing some 15 000 workers, received support in the form of loans and conditional grants (notably, subject to environment and socioeconomic objectives).

In total, 64 % of the companies were run by women and 9 % by young people. Almost one quarter of beneficiaries were active in the area of the green economy (e.g. wind farms, solar energy, water treatment and biomass production for renewable energy) or aimed to digitalise their operations.

An additional EUR 10 million of budget support was channelled to support the labour market. With EU assistance, nearly 1 400 people started their own businesses, of whom 32 % were women and 36 % were young people, and 111 new jobs were created, of which 59 were for women. The scheme was also successful in reaching out to 135 people who had lost their jobs because of the crisis, as well as to vulnerable people (e.g. 20 people with disabilities and 26 people from the Roma community).

10 REDUCED
INEQUALITIES**SDG 10****Tunisia – More accessible justice for women and minors**

The EU helped Tunisia deal with

violence against women

through improvements to the capacity of the judicial system

Programme d'Appui à la Réforme Justice



The objectives of EU support for justice reform are to improve women's access to legal services and to instil an appropriate culture for handling cases of violence against women.

The justice reform programme imposed on all Tunisian courts of first instance the requirement to have specialised officers in charge of receiving complaints relating to violence against women and for those officers to have designated areas within courts.



SDG 10

Morocco – Protecting the most vulnerable against the COVID-19 pandemic

The ‘Tadamon’ initiative supported **more than 10 million households** affected by the COVID-19 crisis



In response to the COVID-19 pandemic, part of the funding for support of social protection in Morocco (EUR 37 million) was redirected to support its crisis response. These crisis measures aimed to provide immediate relief to (i) the poorest groups of the population, (ii) employees in the formal sector who had lost their jobs and (iii) the companies most vulnerable to the pandemic.

The ‘Tadamon’ (Arabic term for solidarity) initiative earmarked nearly EUR 2 billion to support households that had lost their incomes. Approximately 7 million vulnerable households received financial support. In addition, more than 3 million private sector employees benefited from monthly lump sums between March and June 2020.

In 2020, medical coverage was ensured for more than 24 million people, that is, 68.8 % of the population. Under the same programme, the coverage of vulnerable populations (i.e. women and children) through non-contributory systems reached 107 314 women and 194 231 children.



SDG 11

Colombia – Fostering economic development

EU support has enabled **more than 4 500 small and medium-sized enterprises** to boost their productivity, level of formalisation or access to markets



Since 2016, the EU has supported the Ministry of Commerce, Industry and Tourism’s agenda for competitiveness and productivity by contributing to its goals and to sector adjustments. More than 4 500 small and medium-sized enterprises have been supported in boosting their productivity, their level of formalisation or their access to markets; 34 rural clusters have been supported through productive development projects. Policy adjustments have been primarily aimed at the improvement and coherence of policy instruments for business promotion and competitive development in the regions and at enhancing the quality and sustainability of local production. This programme supports both the strengthening of local capacities and territorial initiatives that foster economic development and institutional coordination.



SDG 12

Jordan – Improving solid waste management

EU support contributed to
the rehabilitation of two landfill sites
 in the north of the country



The EU has been fully aligning its support with Jordan's solid waste management strategy since 2015. With budget support of more than EUR 120 million since that year, the EU has contributed to the reform of the waste management sector, improving standards in line with international best practices.

As part of the EU-funded reforms, Jordan has adopted a new solid waste management law and upgraded its information system for the enhanced monitoring of the sector. The legislative framework is now clearly defined in terms of environmental standards.

In addition, the EU has contributed to the rehabilitation of two landfill sites in the north of the country, and to the implementation of four pilot projects on recycling within refugee camps and host communities, thereby creating new jobs for Jordanians and Syrian refugees alike.

By supporting the implementation of the national solid waste management strategy, the EU is assisting in the promotion of 'reducing, reusing and recycling' waste through the upgrading of infrastructure, putting into practice improved environmental standards and the creation of green jobs.



SDG 13

Bhutan – Improving local government understanding of climate change

The EU supported the training of
395 local government officials
 on climate change vulnerability assessment and adaptation planning



With the support of the EU, 395 local government officials were trained in assessing climate change vulnerabilities and planning adaptation measures. Officials are now better equipped to undertake participatory rural appraisals and use performance-based climate change adaptation grants more efficiently for local investments.

Training workshops enhanced officials' understanding of the concept of performance-based grants, which aim to integrate gender and climate change adaptation into planning and execution processes.

Performance-based grants have been provided to 100 administrative entities (*gewogs*) across 16 districts (*dzongkhags*). These training workshops have enabled local governments to track the flow and expenditure of the grants at both national and local levels.



SDG 14

Guyana – Improving integrated coastal zone management

The EU helped protect nearly
100 kilometres
 of coastal zones in 2020



In Guyana, 85 % of the population lives on the coastline. The EU budget support programme supports the implementation of integrated coastal zone management, which is crucial for the protection of the social and economic infrastructure and contributes to a sustainable economy while addressing climate change challenges using a holistic approach. Its main objective is to protect vulnerable communities by enhancing Guyana's disaster risk management and resilience to flooding, as well as integrating gender equality in the sea and river defence sector. As a result, in 2020, the EU budget support programme contributed to the construction of 4.1 km, the rehabilitation of 3.8 km and the maintenance of 89 km of sea defences in critical locations, while also investing in nature-based sea defences through the construction of two new mangrove sites.



SDG 15

Bolivia – Integrated water and natural resource management

The EU partnership contributed to
reforesting over 8 900 hectares
 in Bolivia



The EU has partnered with Bolivia's government to foster integrated development. This involves sustainable natural resource governance, climate-resilient actions, deforestation control, fire management and protection of key areas (e.g. national parks).

The EU contributed to 25 additional municipalities having adequate capacity for water and environmental management and 155 small river basins benefiting from climate change adaptation projects and dam-related interventions.

These interventions have resulted in an additional 2 249 hectares being subject to soil recuperation / conservation measures, and over 8 900 hectares being forested. On governance aspects, the 2020–2030 national strategy for land degradation neutrality was adopted, and infrastructure or other similar projects are now required to obtain a permit certifying compatibility with management plans for protected areas.



SDG 15

Colombia – Sustainable local development in support of the peace agreement

The EU has contributed to the **rehabilitation and/or recovery of 17 407 hectares** of the national natural parks system



In Colombia, the budget support programme for sustainable local development aims to overcome the social and economic challenges in the regions affected by armed conflict. The programme promotes conservation agreements for ecosystems and sustainable economic alternatives for rural communities living in protected areas or buffer zones. It supports the reduction of geographical and gender disparities by applying environmental criteria to productive processes in affected areas (i.e. green recovery).

The programme has contributed to the rehabilitation and/or recovery of 17 407 hectares of the national natural parks system. To achieve this, 1 385 land use, occupation or property agreements/titles were signed with peasant and fishing communities. Furthermore, 152 local green businesses (handicrafts, agroecology, non-timber forest products and eco-tourism) were supported to develop their organisational and commercial skills. More than 4 000 indigenous, peasant and vulnerable families benefited from initiatives linked to EU budget support between 2016 and 2019.



SDG 16

Uganda – Peace, justice and strong institutions

The EU supported Uganda **in meeting international standards for extractive industries** and promoting accountability in the sector



In August 2020, Uganda was admitted as a candidate country of the extractive industries transparency initiative (EITI). Joining the initiative represented a crucial step in promoting accountability in the sector, and natural resource governance more generally, as Uganda prepares for oil production.

EITI membership also has the potential to strengthen domestic revenue mobilisation through tax collection, and improve Uganda's investment climate. As an EITI implementing country, Uganda will have to regularly prepare and disclose information about every stage of the extractive industry value chain.

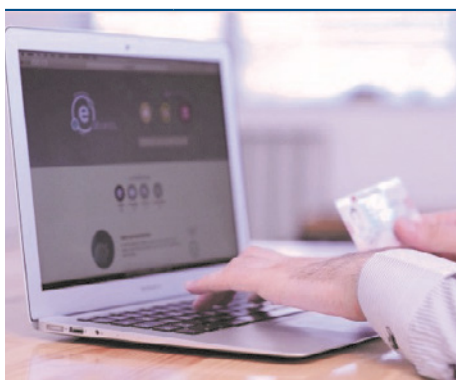
Through the budget support programme for justice and accountability reform, the EU has supported Uganda in the development of effective, accountable and transparent institutions. The EU budget support has also contributed to ensuring responsive, inclusive, participatory and representative decision-making at all levels through the establishment of a local multi-stakeholder group, comprising representatives of the government, private sector and civil society, whose role will be to oversee the implementation of the EITI process.



SDG 16

Albania – Digitalisation for improved services

The level of automation of **800 public e-services** increased thanks to EU support.



The budget support programme focuses on improving the transparency, accountability and effectiveness of public administrations to ensure better services for citizens and businesses.

At the start of the COVID-19 pandemic, the programme was adjusted to support the Albanian administration in responding to the health, social and economic challenges of the pandemic and the related restrictions. The programme has contributed to improving the management of public administration staff, increasing the quality of policymaking and expanding the number of automated public services online.



SDG 16

Serbia – Increasing trust between communities and local government

The detection of narcotics at its borders **increased by 127 %** with the support of the EU



EU support in the field of home affairs led to an improvement in cooperation between border management agencies.

Serbia adopted 24 regulations and by-laws to ensure the implementation of the law on foreigners, the law on state border control and the law on asylum and temporary protection. Better cooperation with neighbouring countries also resulted from this programme, through the organisation of 12 joint actions. The detection of narcotics at its borders with Bulgaria, Hungary and Romania increased by 127 % compared with 2016.

The programme led to an improvement in the operational capacities of the agencies conducting border management and resulted in the training of more than 1 200 police officers of the Border Police Directorate and close to 400 officers of the Customs Administration, Department for Border Veterinary Inspection and Department for Border Phytosanitary Inspection in eight thematic areas.

Moreover, the programme has been instrumental in the EU response to the COVID-19 crisis in Serbia. Not only have the available funds contributed to the continued implementation of sector reforms, but also the programme has helped authorities with migration management during the COVID-19 crisis.



SDG 16

Serbia – Public administration and public finance management fit for crises

The EU partnership helped

strengthen the management of public funds

during the COVID-19 crisis



EU support for the reform of public administration and public finance management in Serbia contributed to the implementation of structural reforms that led to growth, improvements in the business environment and improvements in service delivery to its citizens.

Emergency situations, including health emergencies such as the COVID-19 crisis, have a specific impact on public financial management systems, testing their strengths and revealing weaknesses that need to be addressed.

In this context, support for public administration reform helped Serbia in strengthening its management of public funds during the COVID-19 crisis, ensuring that the exceptional procedures put in place complied with legal provisions, improving internal controls and reporting, and ensuring transparency and open communication with its citizens.



SDG 16

Dominican Republic – Reforming administration systems for better service delivery

Thanks to the EU partnership,

35 883 public service employees were trained

in enhanced service delivery



In the Dominican Republic, EU budget support has improved the quality of services, strengthened transparency and accountability and increased citizen participation. EU support has also focused on the professionalisation of municipal employees, with a view to establishing a municipal administrative career through public and meritocratic competitions.

Public service training is crucial in supporting the implementation of administrative reform and modernisation/digitalisation and in improving the professional skills and qualifications of staff in order to increase their efficiency. The National Institute for Public Administration has trained 35 883 employees, of whom 26 656 were employees in central government institutions and 9 227 were from the municipal sector, allowing these civil servants to acquire the capacities and skills required to enhance service delivery to citizens. The different capacity-building efforts resulted in an increase of more than 50 % in local governments implementing their improvement plans satisfactorily in 2019.



SDG 16

Tunisia – Impetus for reforms to the judiciary

The EU supported reforms strengthening
the autonomy of justice
 in its efforts to support the democratic transition



EU support for justice reforms contributed to the adoption of organic laws providing increased operational autonomy to the Supreme Council of Magistrates and the Court of Auditors throughout 2018/2019 and with regard to which relevant actions, notably in the justice sector, continued in 2020. These laws incorporated the provisions on the independence of the judiciary embedded in the Constitution, which was adopted in 2014. These entities are now financially independent and their budgets have been adopted by the parliament. This reinforces their independence and will allow them to improve their internal management.



SDG 16

Pakistan – Increasing trust between communities and local government

Over 5 600 community projects have been approved, including 1 115 women-specific projects, benefiting some
7.25 million poor people in rural areas



EU budget support has supported the provincial government of Khyber Pakhtunkhwa in Pakistan to enhance its legitimacy in rural communities in an area that has suffered greatly from militancy and natural disasters. The local government is now more capable of delivering high-quality services to rural communities through a development approach that is fair, inclusive, and transparent and needs based.

At the same time, rural communities are engaged in participatory planning and are better equipped to implement priority community projects. Over 5 600 community projects have been approved, including 1 115 women-specific projects, benefiting some 7.25 million rural poor. A total of 1 549 village council development plans have been developed and over 5 500 government officials have been trained in project management, service delivery and participatory planning. The participatory nature and transparent system of project selection have provided communities with the confidence that their voices are being heard and that local government funding is being directed towards relevant and cost-effective projects. Community satisfaction with the intervention is at 98 %. Given the results, the provincial government's community engagement approach will be rolled out to all districts in the province.



SDG 16

Kosovo – Mitigating the consequences of the COVID-19 pandemic

The EU reached out to

28 000 households and enterprises

to help mitigate the social and economic consequences of the COVID-19 pandemic



Kosovo ⁽²⁾ had little fiscal space to offset the impacts of the pandemic, given its use of the euro as de facto currency and its limited access to international credit markets. The EU assisted in mitigating the socioeconomic impacts of the crisis, especially on vulnerable groups, providing liquidity to the government's emergency support scheme. One measure, especially, targeted those who would otherwise lag behind, as Kosovo does not have an unemployment benefit scheme in place. The measure was a much-needed response, as many businesses stopped operating and individuals lost their jobs. In total, approximately 28 000 households and enterprises benefited from these actions.



SDG 16

Morocco – Building resilience amid the COVID-19 pandemic

The EU supported emergency measures in aid of

6.7 million households and 66 000 companies

to mitigate the impact of the COVID-19 crisis



In the weeks following the start of the COVID-19 pandemic, the EU supported Morocco's efforts to cushion the effects of social distancing measures on households and enterprises.

The EU supported the establishment and roll-out of the government's COVID-19 fund, which was created to reach millions of households unable to work during the lockdown period. The scheme was devised in a matter of weeks following the confirmation of the first COVID-19 cases in the country. It made it possible to reach out to registered employees as well as the numerous informal workers through a combination of mobile payments for those qualifying for non-contributory health insurance benefits and an online procedure for claiming cash for those who did not qualify. By the end of the lockdown period, the programme had reached about 6.7 million households (85 % of eligible households), including 3.3 million poor families.

At the same time, the deferment of tax payments and the guarantees system established under the COVID-19 fund for dedicated loans benefited more than 66 000 Moroccan companies, enabling them to withstand the financial consequences of the disruptions caused by the pandemic. As a result, the total number of bankruptcies decreased in 2020 compared with 2019.

⁽²⁾ This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.



SDG 16

Togo – Getting closer to people

The EU supported the publication of **the first citizen budget in Togo**, as well as progress towards decentralisation and fiscal transparency



To support citizens hit by the effects of the COVID-19 crisis, the government of Togo took extraordinary measures and set up a national fund for solidarity. This covered social support projects, such as the granting of free water and electricity for the poorest, tax exemptions for those economic activities most affected, and the creation of a universal income scheme. As part of the Team Europe response, the EU financed these measures through budget support.

Despite the circumstances, the EU continued to support decentralisation. It contributed to a dramatic increase in the financial resources allocated to municipalities, which increased 15-fold between 2019 and 2020. It also promoted the appointment of 32 women as secretaries-general of the new municipalities. In the area of the investment climate, three new officials authorised to sign land titles were appointed, thereby facilitating access to and the transfer of property, and the first commercial court was created, which helped accelerate legal proceedings related to businesses. Finally, a budget orientation debate was held at the parliament for the first time and a first 'citizen budget' was published in 2020, marking important steps in promoting the transparency of public finances.

17 PARTNERSHIPS
FOR THE GOALS

SDG 17

Cameroon – Linking domestic revenue mobilisation with forest conservation

The EU helped identify

EUR 72 million of undeclared revenue



By promoting much-needed fiscal reforms in a country where 75 % of the wood purchased locally is of illegal origin, the EU fostered data cross-checking between the Ministry of Finance and the Ministry of Forestry and Wildlife through the establishment of a common database for both ministries. The ongoing budget support programme thus contributed to identifying a financing gap of EUR 72 million in uncollected fees and undeclared revenue by local companies active in the timber sector.

These results were made public and steered a national debate on increasing controls and creating incentives for the private sector to operate legally. The programme confirms the EU's long-standing engagement with the government of Cameroon, on both public finance management and forest conservation. In addition, strong policy dialogue, donor coordination and technical assistance accompanied this important ongoing reform process.

In response to the pandemic, EU budget support was provided in coordination with other EU interventions (e.g. the African, Caribbean and Pacific Investment Facility for sovereign lending and the European Fund for Sustainable Development for private sector financing) and with Team Europe actions more widely (such as budget support from Member States). Support was also fully coordinated with EU

macrofinancial assistance in the neighbourhood and pre-accession countries ⁽³⁾.

This exceptional effort was also coordinated with initiatives at Group of 20 (G20) level to tackle the debt crisis, which the EU supported through its Member States and through the concrete actions detailed below.



SDG 17

EU support for immediate debt relief for the 28 poorest countries

Thanks to the EU,

EUR 183 million will remain in the budgets of partner countries

instead of going to servicing IMF debt payments



Debt levels in many partner countries were already high before the COVID-19 crisis. More than half of low-income countries were at high risk or already in debt distress. They therefore entered the COVID-19 crisis with very limited fiscal space to respond.

This is why the EU has contributed to the debt relief of the most vulnerable countries under the IMF's Catastrophe Containment and Relief Trust. This EU support freed up the resources of benefiting countries, enabling them to increase their social, health and economic spending in response to the crisis. This contribution to debt relief complements EU budget support. For years, macroeconomic stability and debt sustainability have been at the heart of the EU's dialogue with countries receiving EU budget support. This liquidity support also contributes to these objectives, at a critical moment in the recovery from the pandemic. The beneficiaries are Afghanistan, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Comoros, the Democratic Republic of the Congo, Djibouti, Ethiopia, The Gambia, Guinea, Guinea-Bissau, Haiti, Liberia, Madagascar, Malawi, Mali, Mozambique, Nepal, Niger, Rwanda, São Tomé and Príncipe, Sierra Leone, Solomon Islands, Tajikistan, Togo and Yemen.

The EU also contributed to building debt management capacity through the Debt Management Facility, implemented by the World Bank and the IMF. This aims to help develop medium-term debt management strategies, increase transparency and enable countries to manage more complex debt portfolios.

⁽³⁾ In May 2020, the EU agreed an exceptional package of macrofinancial assistance for 10 countries (Albania, Bosnia and Herzegovina, Georgia, Jordan, Kosovo, Moldova, Montenegro, North Macedonia, Tunisia and Ukraine) worth EUR 3 billion (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020D0701&from=EN>).

Part II – Risk management

The risk management framework (RMF) assesses the risks associated with the use of partner countries' systems and the provision of budget support. In 2020, it was extended to **most countries with which the EU has a bilateral cooperation programme**, including some where budget support is not provided.

The RMF allows the EU to make a risk-conscious decision on operations, while identifying mitigating measures in key areas. It provides a structured analysis that, first, informs the design and implementation of budget support programmes and, second, feeds into the policy and political dialogue with the partner countries.

The RMF consists of five risks (political, macroeconomic, developmental, public finance and corruption), each of which are rated according to a questionnaire. Risks are rated from 1 (lowest) to 4 (highest) and an assessment of the short-term outlook (positive, neutral or negative) adds to the analysis.

RMFs are updated on a yearly basis by EU delegations and headquarters, or more frequently if needed, such as in contexts of conflict or fragility. In 2020, **a total of 129 RMFs** were prepared, 95 of which were for budget support countries or territories. The 2020 RMFs, having been prepared between March and May 2020, took into account the early consequences of the COVID-19 pandemic.

1. Risk analysis

(a) Risk category analysis

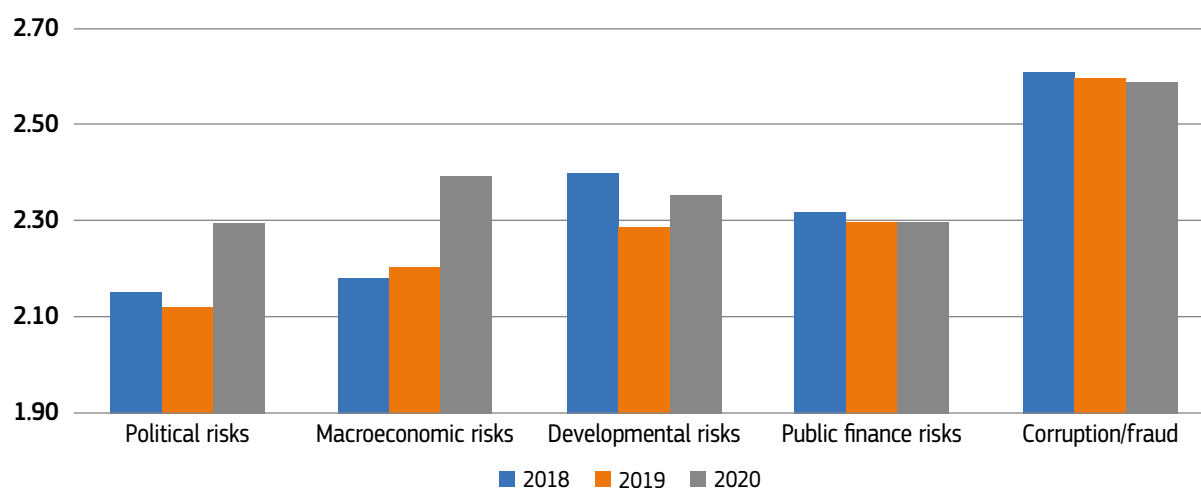
In order to allow for a comparison across years by risk category, **Figure 1 focuses only on countries receiving budget support**.

The risk levels in those countries were strongly influenced by the COVID-19 crisis, which delivered a triple shock to countries: a global pandemic, an economic crisis and a temporary disruption of capital flows with more difficult conditions in financial markets. As a result, a dramatic increase in **macroeconomic risks** was observed in 2020 compared with previous years. The crisis entailed a drop in export revenues and remittances, widening fiscal deficits, increasing financing costs and affecting debt sustainability. The risks for financial sector stability were also significant in many countries.

A tangible increase in the perception of **political risks** was also observed in 2020. This related to risks to human rights, democracy and the rule of law. The pandemic resulted in increased risks for democratic institutions and reduced civic space, hence the importance of continuing to focus on these areas, especially in the political dialogue.

The crisis undoubtedly entailed higher **developmental risks**, which stemmed from the disruption to the implementation of ongoing policies, the design

FIGURE 1. Evolution of average risk per risk category (budget support countries)



of new policies and, notably, their financing. Priority was given to the COVID-19 response in the short term, which often included both health and socio-economic measures to support the most affected businesses and people.

Risks related to **public financial management and corruption/fraud** are more structural and remained stable between 2018 and 2020. However, the short-term risks stemming from the use of exceptional financial/procurement procedures in the response to the crisis, notably through budget support, were factored into the outlook, and mitigating measures were devised accordingly. The risk of corruption and fraud remained the highest perceived risk in all regions, although a small decrease can be observed over time.

Among the specific risk dimensions, the highest risks in the partner countries were associated with vulnerability to exogenous shocks, government effectiveness and public investment and procurement. It was particularly important to mitigate these last two dimensions in order to ensure that development finance for investments could contribute to sustainable growth in the long term. The pandemic also demonstrated the importance of diversification as well as fiscal and foreign exchange reserve buffers, as it exposed countries' vulnerabilities, particularly those dependent on oil, commodities or tourism.

The inclusion in the 2020 risk assessment of countries without budget support programmes allowed for a comparison of their average risk profiles with those of countries with budget support programmes. The risk profiles of countries without budget support

were consistently higher for all risk categories (Figure 2). Higher risks may be indicative of elements that do not allow countries to meet the eligibility criteria or of difficulties in the dialogue with countries' authorities, making it impossible to provide budget support.

However, high levels of risks do not necessarily rule out EU budget support. In certain situations, high risks can be accepted, as long as there are **opportunities for engagement with authorities and concrete prospects for improvement**, to the extent that risks can be mitigated, and, in a fragile context, as long as the **risks associated with non-intervention** outweigh the risks of providing budget support. This approach prevailed in the unprecedented circumstances of the COVID-19 pandemic in all partner countries, and especially in the most fragile countries.

(b) Risk analysis by region

The inclusion of countries with no budget support programmes resulted in higher risk profiles in all regions in 2020. Central, eastern and West Africa remained the regions with the highest risks (Figure 3). Many countries in these regions are fragile, are confronted with multiple pressures on their budgets stemming from increasing security constraints, and have high levels of vulnerability to climate change and economic shocks and high levels of needs for social spending to improve living standards for their fast-growing populations. Many countries in central and eastern Africa, in particular, face high levels of risks with respect to democracy and human rights.

FIGURE 2. Risk profiles of countries with and without budget support programmes in 2020

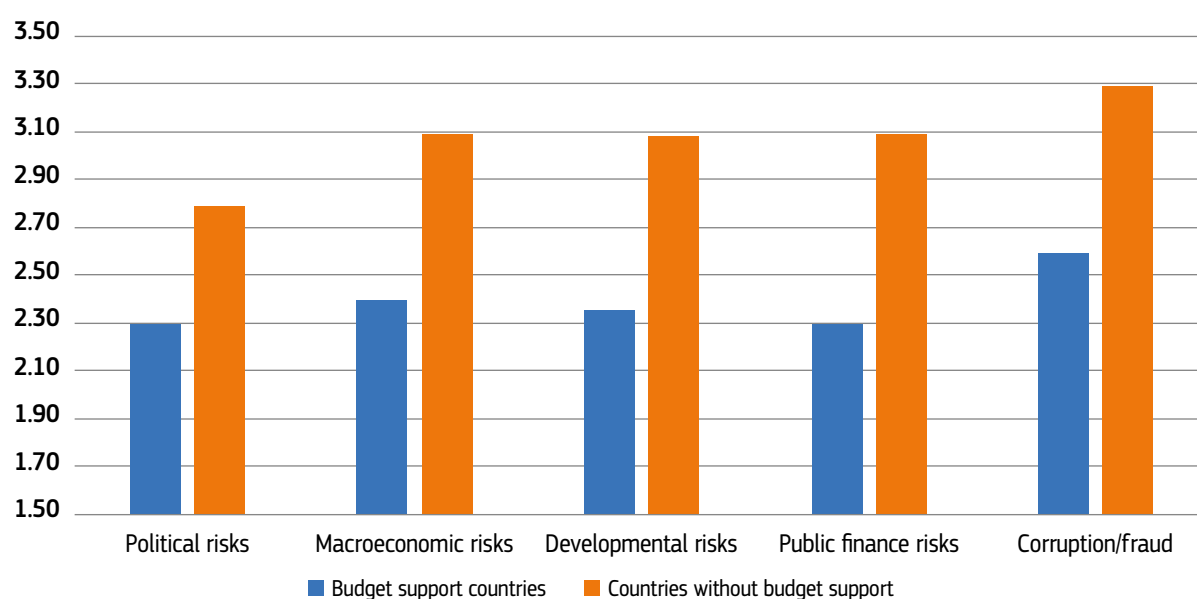
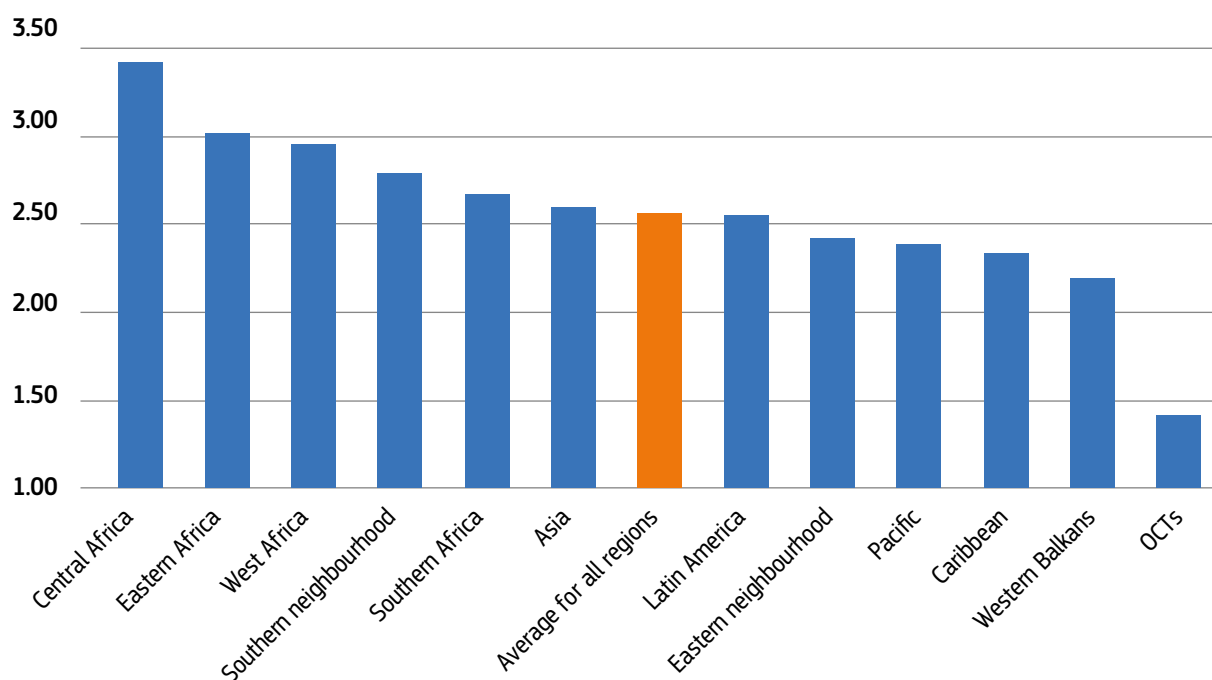


FIGURE 3. Average risk level in 2020 by region.

NB: OCTs, overseas countries and territories.

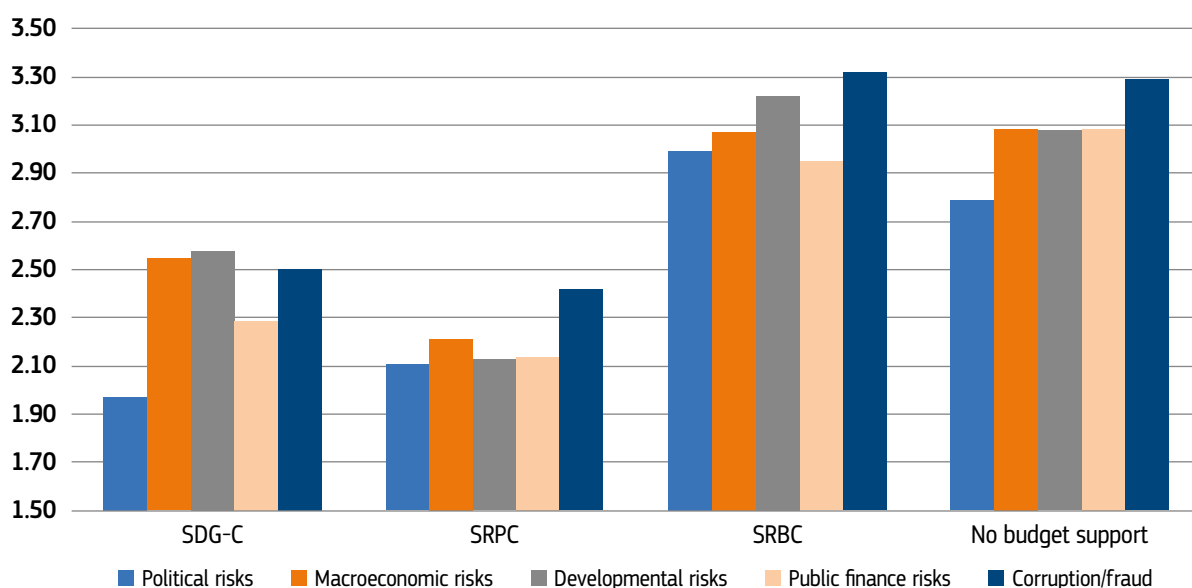
The COVID-19 crisis contributed to a relatively faster increase in risks in sub-Saharan Africa than in other regions. African countries were perceived as more vulnerable to the crisis, because of their dependence on a small number of commodities, tourism and remittances and their lack of space for an effective fiscal and monetary policy response to the crisis. The high risk levels observed in the southern neighbourhood regions mainly resulted from the inclusion of new countries that did not receive budget support, with higher risk profiles (including Algeria and Lebanon).

(c) Risk profile by type of budget support contract

Countries implementing only SRPCs had the lowest risk profiles (Figure 4) and this type of contract

accounted for the vast majority of budget support programmes (75 % in terms of the amount committed). SRBCs, on the other hand, are used in fragile situations, often in countries affected by conflict, and therefore their risk levels were higher overall.

In these countries, the high risks should be carefully balanced with the risks of non-intervention and the potential development gains, combined with a proactive risk mitigation strategy. Risks in countries with SDG-Cs were intermediate, but the sample size was too small (only five countries) to draw significant conclusions. The risk profiles of countries without budget support were very similar to those of fragile countries, where the use of SRBCs is common.

FIGURE 4. Average risks of different contract types in 2020 by risk category

2. Mitigating measures and risk response

Mitigating measures allow EU development cooperation strategies and programmes to achieve their objectives, despite the level and nature of risks observed in partner countries. Obviously, many programmes were redesigned to help countries cope with the effects of the COVID-19 pandemic and roll out support for households and small local businesses, while keeping reforms on track to the extent possible in this exceptional context.

The European Commission identified a range of measures and different levels of progress as part of the implementation of previous actions. The risk response consisted of ensuring that the expected benefits of EU budget support outweighed the identified risks and that appropriate mitigation measures were in place. The urgent and massive needs arising from the COVID-19 pandemic made the risks of non-intervention higher and, at the same time, the need for mitigating measures more acute.

Mitigating measures often took the form of policy dialogue initiatives or capacity building, but also included adapting programme designs and implementation frameworks in response to the context and

anticipated risks. The range of mitigating measures is wide as measures should be tailored to the needs of specific countries. In the 2020 RMFs, mitigating measures focused mostly on the following areas.

Because of the large impact of the COVID-19 crisis, **increasing economic and fiscal resilience** was a priority in partner countries, coupled with strengthening social protection programmes and health systems. Redesigning programmes to provide more extensive budget support in a timely manner helped increase countries' fiscal space to combat the health and socioeconomic impacts of the crisis. It also contributed to preserving budget transparency and accountability. This in itself is a measure for mitigating macroeconomic risks arising from the pandemic. In the accession and neighbourhood context, countries could also count on EU macrofinancial assistance ⁽⁴⁾.

The Commission, with EU Member States, also contributed to these objectives globally by supporting the debt service suspension initiative ⁽⁵⁾, which put on hold official bilateral debt payments from low-income countries to G20 countries between May 2020 and the end of 2021. In 2020, 43 countries are estimated to have benefited from USD 5.7 billion in debt service suspension. In addition, the Commission contributed EUR 183 million to the immediate relief of IMF debt for the 28 most vulnerable countries

⁽⁴⁾ In May 2020, the EU agreed an exceptional package of macrofinancial assistance for 10 countries (Albania, Bosnia and Herzegovina, Georgia, Jordan, Kosovo, Moldova, Montenegro, North Macedonia, Tunisia and Ukraine) worth EUR 3 billion (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020D0701&from=EN>).

⁽⁵⁾ Further information on the debt service suspension initiative can be found on the World Bank website (<https://www.worldbank.org/en/topic/debt/brief/covid-19-debt-service-suspension-initiative>).

through the Catastrophe Containment and Relief Trust ⁽⁶⁾.

While the response in many countries included tax relief to help households and enterprises, **domestic revenue mobilisation**, including from natural resources and limiting tax exemptions, is key to increasing countries' resilience and building fiscal space. The large fiscal deficits observed in 2020 and to be expected in 2021 in all countries makes it even more pressing. Working on revenue policies and the effectiveness of revenue administration is a critical measure alongside most budget support programmes. At the same time, **effective debt management** should contribute to reducing debt service costs and ensure the long-term, sustainable financing of productive investments. A renewed emphasis has been put on increasing debt transparency, in view of the potentially complex coordination challenges in upcoming debt restructurings.

The IMF has recently highlighted the need for credible medium-term fiscal frameworks, anchored on revised fiscal objectives and revenue mobilisation. This is key for setting a path for rebuilding fiscal buffers at pace, contingent on the recovery, and for better confronting trade-offs. It could contribute to enhancing confidence and reducing vulnerabilities. Fiscal policy should also enable a green, digital and inclusive transformation of the economy in the post-pandemic environment. The Commission has been supporting the development and implementation of medium-term fiscal frameworks, including medium-term revenue and debt management strategies. This work is becoming increasingly important now, as a part of credible recovery strategies.

The increase in risks related to democracy, human rights and the rule of law in the current crisis underlines the importance of focusing on these areas, especially in the political dialogue. Since our risk assessment, the situation has deteriorated in a number of countries and has been monitored very closely, with strengthened policy dialogue. In some instances, this has resulted in budget support programmes being put on hold and corrective actions being required from partner countries before support programmes are resumed.

On the issue of more structural risks, **creating an attractive investment climate and business environment** is increasingly important. Countries need to attract foreign investment or stimulate the domestic private sector, invest in people and skills,

promote economic diversification and develop and improve the governance of sustainable value chains in order to reduce their vulnerability to shocks and build their economic resilience. In the short term, this should allow for a faster recovery and crowding in of private investments for development purposes.

Core dimensions of public finance management (expenditure controls, comprehensive budget documentation and reporting) had been improving in most countries according to public expenditure and financial accountability data. However, the gains observed in recent years were put at risk by the exceptional fiscal measures that governments had to quickly put in place to implement their COVID-19 response plans, and often according to ad hoc or derogatory legal provisions (e.g. special procurement and spending, tax exemptions). Mitigating measures were reinforced accordingly.

This added to a trend, whereby risks had shifted towards **public procurement and public investment management**. The World Trade Organization has estimated that public procurement accounts for 10–15 % of gross domestic product (GDP) globally. In many developing countries, it accounts for more than half of government spending. In procurement, restriction of competition, corruption and overpricing can lead to significant waste in public spending and investment. According to the Organisation for Economic Co-operation and Development, 57 % of corruption is found in procurement practices. The need to very rapidly procure health equipment or other goods or services in the COVID-19 context made this risk higher.

As spending and procurement controls temporarily eased to allow for a rapid and flexible COVID-19 response, transparency and *ex post* verifications/audits became increasingly important. In procurement, this included, among other things, the publication of contracts and beneficiary owners of companies awarded public contracts. *Ex post* audits by supreme audit institutions were also reinforced. The EU also insisted on the need to track COVID-19-related expenditures (including tax expenditures) in the budget and report publicly on them. Recent innovations in financial management systems allowed for easier tracking and reporting of specific budget lines, hence the need to continue promoting digitalisation for the modernisation of public administrations.

In the COVID-19 context, as before, **the mitigation of corruption and fraud risks continued to be**

⁽⁶⁾ Further information on the Catastrophe Containment and Relief Trust can be found on the IMF website (<https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/16/49/Catastrophe-Containment-and-Relief-Trust>).

a priority. Safeguards took many forms, ranging from direct provision of assistance to anti-corruption institutions and judicial bodies to strengthening political/policy dialogue on transparency and oversight functions. It also aimed to keep the focus on reforming departments prone to corruption, such as revenue and customs administrations. Support for and empowerment of civil society organisations was also encouraged to mitigate corruption risks.

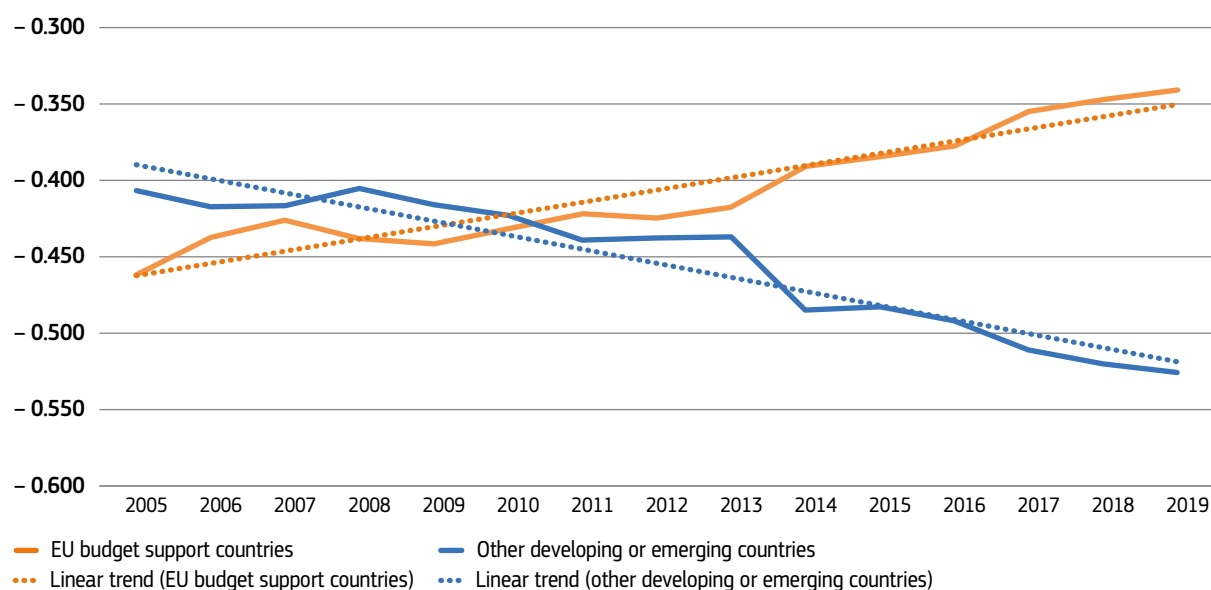
This mattered to preserve the gains observed over the last 15 years and keep using EU budget support operations and other avenues to fight corruption in

partner countries, including through EU global support for tax governance and its actions against illicit financial flows.

According to the Worldwide Governance Indicators, budget support countries perform better in controlling corruption than other developing/emerging countries (with an average score of – 0.34 compared with – 0.53 in 2019), with an improving trend over time (from a score of – 0.46 in 2005) (Figure 5).

Budget support helps make institutions stronger and more able to monitor and tackle corruption.

FIGURE 5. Control of corruption – Worldwide Governance Indicators 2005–2019 (World Bank)



NB: The lower the score, the lower the control of corruption.

Part III – Geographical and financial distribution

1. Commitments

As at the end of 2020, ongoing commitments in terms of EU budget support amounted to EUR 11.8 billion. New budget support commitments approved in 2020 totalled nearly EUR 1.8 billion (Table 1).

TABLE 1. EU budget support commitments

Region	Number of countries	Number of budget support contracts	Type of budget support contract (number)			Budget support commitments (million EUR)		Total disbursed in 2020 (million EUR)
			SDG-C	SRBC	SRPC	Total ongoing	New commitments in 2020	
Asia	12	32	0	2	30	1 958.4	308.3	511.0
Caribbean	8	16	0	2	14	317.5	9.8	68.0
Central Africa	3	5	0	2	3	331.3	45.0	56.2
Eastern Africa (*)	6	10	0	1	9	1 073.6	65.0	227.0
Eastern neighbourhood	4	15	0	3	12	607.0	150.0	192.9
Latin America (**)	9	23	0	0	23	827.8	133.0	119.5
Overseas countries and territories	12	13	0	0	13	259.5	33.2	82.8
Pacific	10	10	0	0	10	159.4	46.9	38.7
Southern Africa	7	14	0	2	12	377.0	148.9	96.1
Southern neighbourhood (***)	4	31	0	1	30	2 581.3	429.0	733.6
West Africa (****)	15	43	5	22	16	2 798.5	236.7	728.7
Western Balkans	5	16	0	3	13	542.8	149.2	131.7
ENI and EU trust funds (*****)	8	46	0	4	42	3 188.3	579.0	926.5
Development Cooperation Instrument and EU Trust Fund for Columbia	22	64	0	2	62	3 007.5	474.5	687.4
European Development Fund and EU Emergency Trust Fund for Africa (*****)	60	102	5	29	68	5 095.5	552.3	1 240.6
Instrument for Pre-Accession Assistance	5	16	0	3	13	542.8	149.2	131.7
All	95	228	5	38	185	11 834.1	1 755.0	2 986.2

(*) This row includes two budget support programmes funded under the EU Emergency Trust Fund for Africa in Ethiopia and Somalia for a total of EUR 163.4 million.

(**) This row includes one budget support programme funded under the EU Trust Fund for Columbia for EUR 21 million.

(***) This row includes two budget support programmes in the region, one funded under the EU Emergency Trust Fund for Africa in Morocco for a total of EUR 101.8 million and the other funded under the Madad Fund in Jordan for EUR 74.4 million.

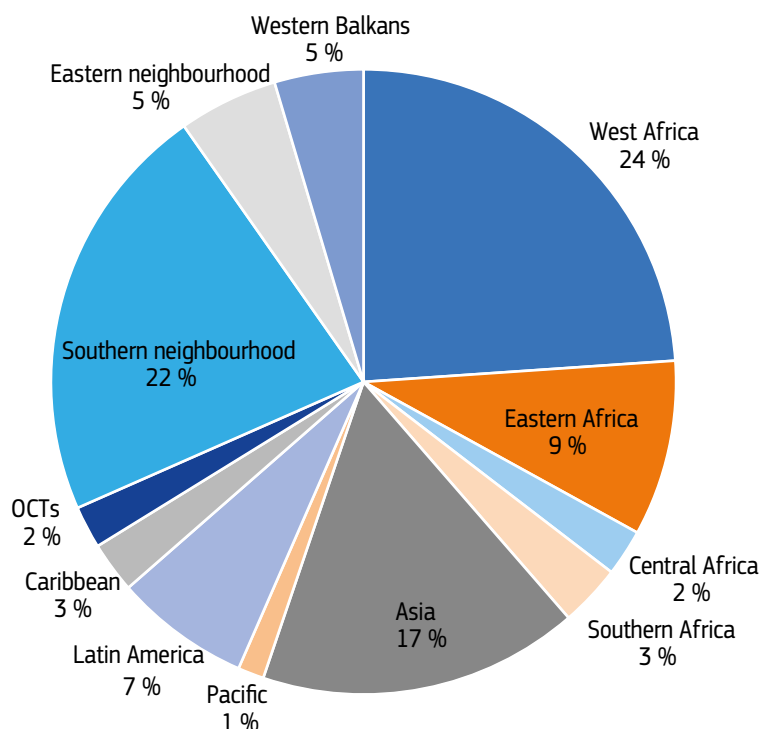
(****) This row includes five budget support programmes funded under the EU Emergency Trust Fund for Africa in Burkina Faso, Chad, Côte d'Ivoire, Mauritania and Niger for a total of EUR 236.5 million.

(*****) This row includes two budget support programmes in the region, one funded under the EU Emergency Trust Fund for Africa in Morocco for a total of EUR 101.8 million and the other funded under the Madad Fund in Jordan for EUR 74.4 million.

(*****) This row includes the seven budget support programmes funded under the EU Emergency Trust Fund for Africa in Burkina Faso, Chad, Côte d'Ivoire, Ethiopia, Mauritania, Niger and Somalia for a total of EUR 399.9 million.

NB: ENI, European Neighbourhood Instrument.

FIGURE 6. Share of the EU budget support portfolio in 2020 by region



Sub-Saharan Africa (38 %) remains the largest recipient of budget support, followed by the European neighbourhood (27 %), Asia (17 %), Latin America (7 %), the Western Balkans (5 %), the Caribbean (3 %), overseas countries and territories (OCTs; 2 %) and the Pacific region (1 %) (Figure 6).

The average size of the budget support portfolio per country in 2020 was about EUR 125 million, with

substantial differences across regions (Figure 7). On average, there were about 2.4 budget support contracts per recipient country. Commitments were particularly large in the southern neighbourhood, where EU official development assistance is concentrated in four countries and where a significant share is delivered through budget support (in Morocco and Tunisia, in particular).

FIGURE 7. Average size of the budget support portfolio per country in each region in 2020 (million EUR)

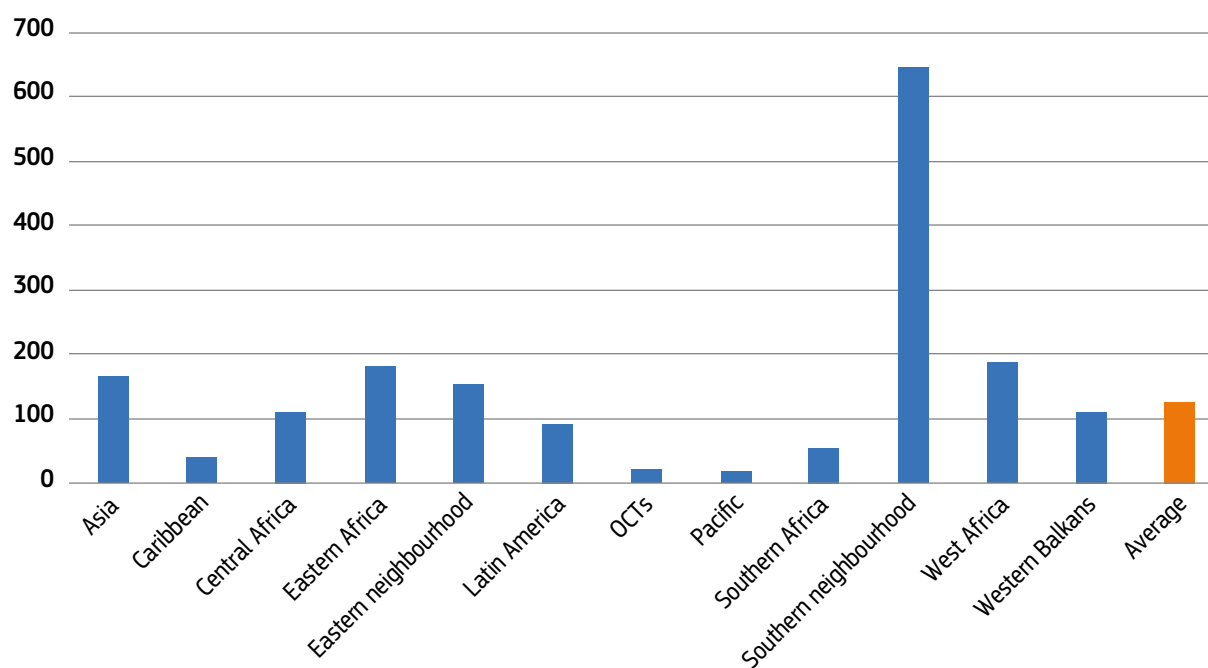
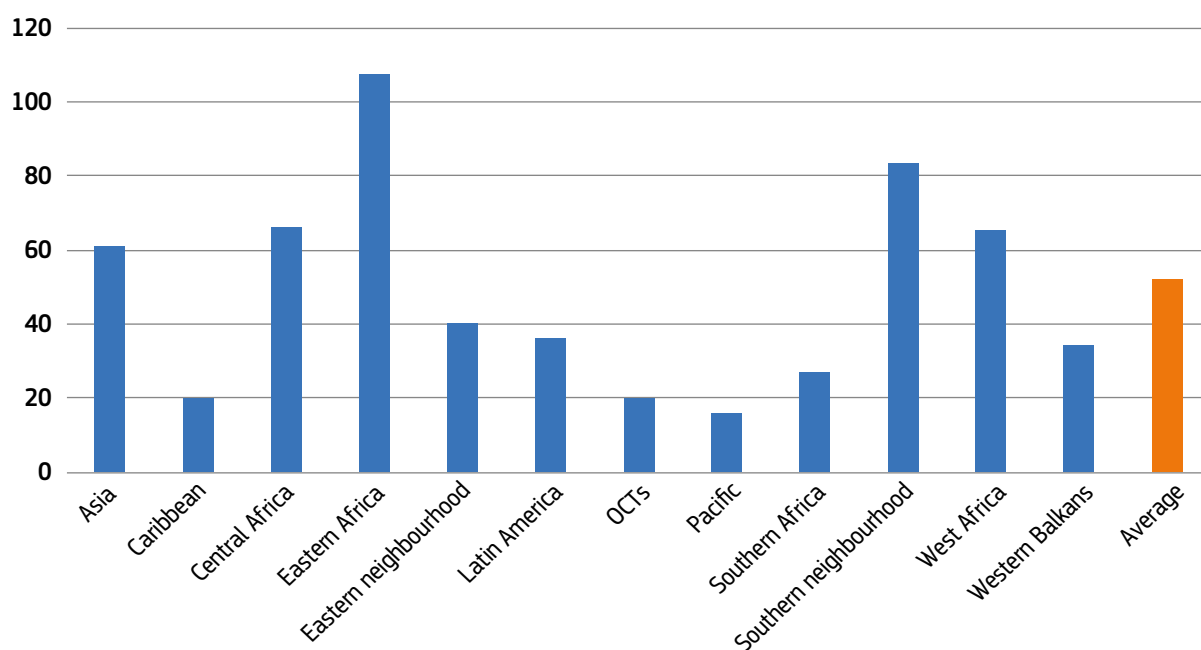


FIGURE 8. Average size of the budget support operation in 2020 by region (million EUR)

The average value globally of a budget support operation was EUR 52 million (Figure 8). This amount was higher in the southern neighbourhood (EUR 83 million per operation), sub-Saharan Africa (EUR 66 million) and Asia (EUR 61 million). This average amount per operation has increased significantly in the southern neighbourhood because of the additional efforts made in response to the COVID-19 pandemic but also because of the principle of implementing fewer and bigger programmes.

On average, SRBCs and SDG-Cs amounted to EUR 70 million and EUR 60 million, respectively, compared with EUR 48 million for SRPCs (Table 2).

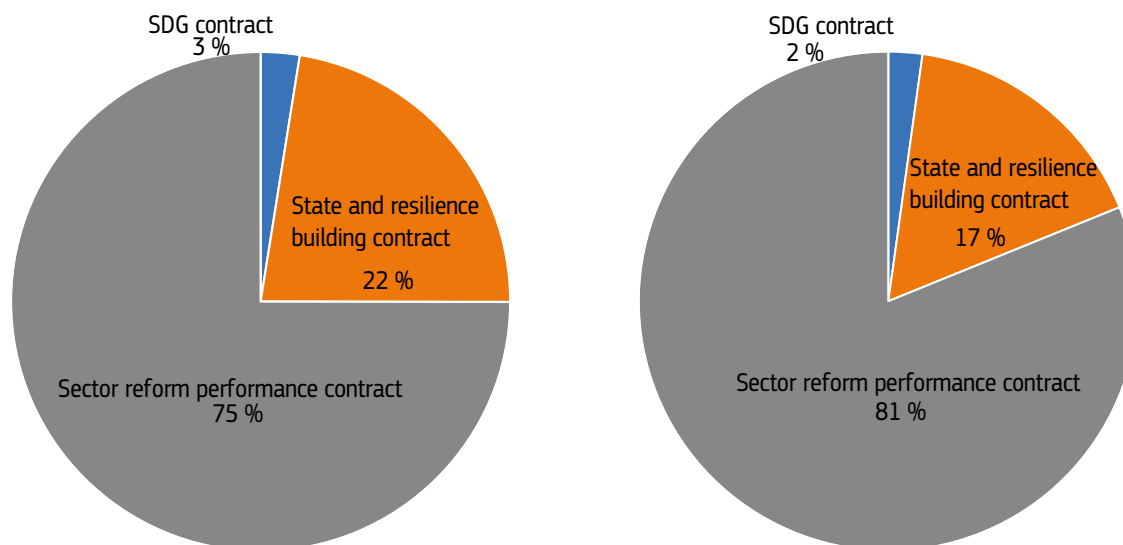
SRPCs accounted for 81 % of the total number of budget support operations in 2020 and for 75 % of the portfolio in financial terms because of their smaller size (Figure 9). The increase in the share of SRBCs in 2020 was a direct consequence of the COVID-19 pandemic – existing programmes were topped up or new dedicated operations were designed especially to help countries face the crisis (e.g. resilience contracts in Armenia, Georgia, Kosovo, Montenegro, Morocco and North Macedonia) (7).

TABLE 2. Average size of budget support commitments in 2020 by type of contract

Type of contract	Number of ongoing budget support contracts	Amount of budget support commitment (million EUR)	Average size (million EUR)
SRPC	185	8 872.0	48.0
SDG-C	5	297.9	59.6
SRBC	38	2 664.2	70.1
All	228	11 834.1	51.9

(7) In addition to this support in the Western Balkans and in the eastern and southern neighbourhoods, the EU also agreed an exceptional package of macrofinancial assistance for 10 countries (Albania, Bosnia and Herzegovina, Georgia, Jordan, Kosovo, Moldova, Montenegro, North Macedonia, Tunisia and Ukraine) worth EUR 3 billion (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020D0701&from=EN>).

FIGURE 9. Share of the total portfolio in financial terms (left) and share of the total number of operations (right) in 2020 by type of contract



2. Disbursements

In 2020, nearly EUR 3 billion was paid through budget support (Table 3), amounting to 24 % of official development assistance from the Directorate-General for International Partnerships and the Directorate-General for Neighbourhood and Enlargement Negotiations of the Commission.

In comparison, disbursements ranged between EUR 1.6 billion and EUR 1.8 billion between 2014 and 2019 and budget support accounted for 16–18 % of Directorate-General for International Partnerships / Directorate-General for Neighbourhood and Enlargement Negotiations payments in the same period.

This highlights the central role of budget support in the EU COVID-19 global response. This result was achieved by committing the remaining funds under the 2014–2020 multiannual financial framework to new programmes or to top up existing programmes, or by front-loading tranches initially scheduled for 2020 in order to quickly provide resources to countries in need.

The European Commission showed a great deal of flexibility, while continuing to carry out policy dialogue and reforms and monitor progress, despite the circumstances.

TABLE 3. Budget support disbursements

Region	Budget support disbursements 2014–2020 (million EUR)						
	2014	2015	2016	2017	2018	2019	2020
Asia	107	164	204	312	302	246	511
Caribbean	127	77	98	36	75	24	68
Eastern and southern Africa (*)	218	279	141	208	247	230	323
Eastern neighbourhood	345	84	213	109	70	95	193
Latin America	58	126	150	147	102	109	119
OCTs	34	41	57	23	93	70	83
Pacific	16	26	20	58	25	17	39
Southern neighbourhood	243	249	303	307	280	291	734
West and central Africa (**)	459	542	508	609	488	449	785
Western Balkans	—	—	35	21	75	69	132
ENI and EU trust funds	588	333	516	416	350	386	927
Development Cooperation Instrument and EU Trust Fund for Columbia	165	411	462	533	449	355	687
European Development Fund and EU Emergency Trust Fund for Africa	854	844	716	860	882	790	1 241
Instrument for Pre-Accession Assistance	—	—	35	21	75	69	132
All	1 607	1 588	1 729	1 830	1 756	1 600	2 987

(*) The 2020 disbursements for eastern and southern Africa amounted to EUR 227 million and EUR 96 million, respectively.

(**) The 2020 disbursements for West and central Africa amounted to EUR 729 million and EUR 56 million, respectively.

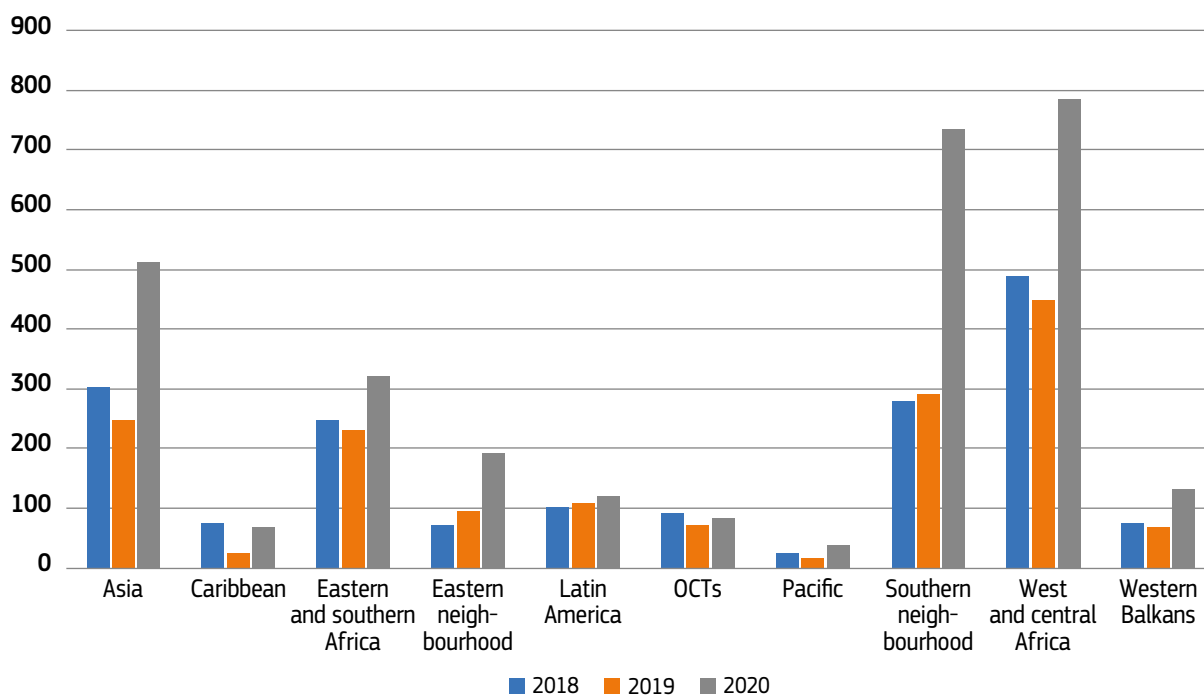
NB: ENI, European Neighbourhood Instrument.

The sharp increase in budget disbursements in 2020 compared with 2019 was observed in all regions and particularly in the Caribbean (+ 183 %), the southern neighbourhood (+ 152 %), the Pacific (+ 129 %), Asia (+ 108 %), the eastern neighbourhood (+ 103 %), the Western Balkans (+ 91 %) and West and central Africa (+ 75 %).

In payment terms, and in line with the portfolio distribution, the southern neighbourhood (24.6 %) and

West Africa (24.4 %) remained the top recipients of budget support in 2020, followed by Asia (17.1 %) (Figure 10).

Interestingly, with the COVID-19 response and the design of new SRBCs or topping up of SRBCs, their share of disbursements amounted to 35 % in 2020, much higher than their share in the ongoing portfolio (23 %).

FIGURE 10. Budget support disbursements from 2018 to 2020 (million EUR)

3. Fixed and variable tranches

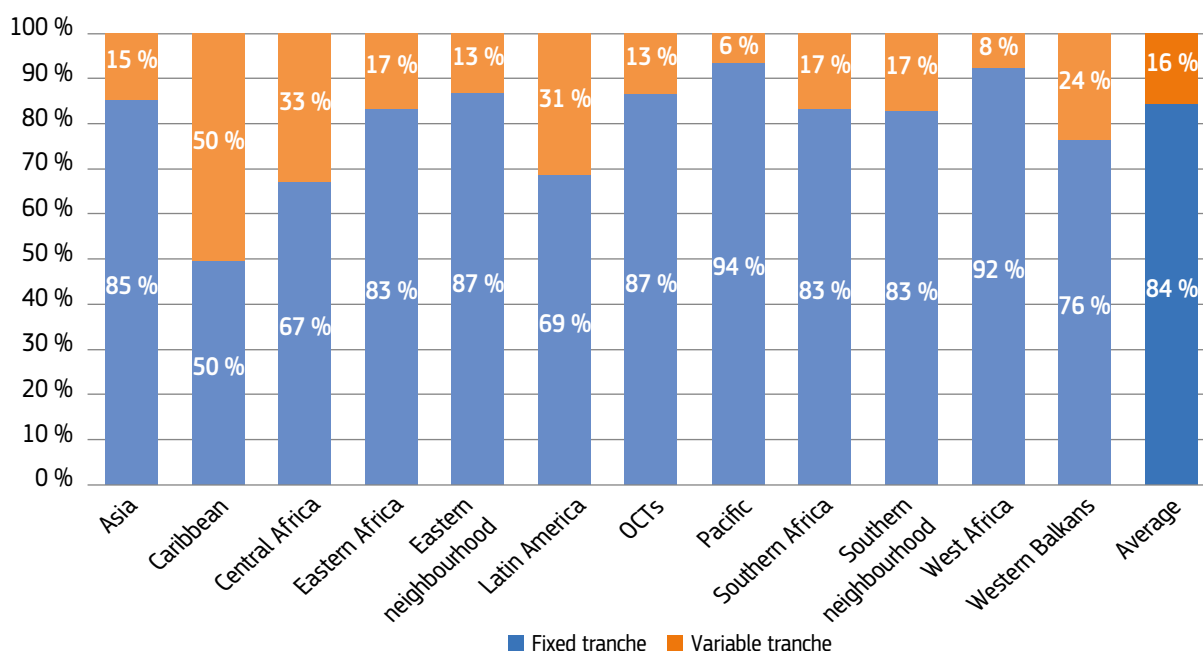
The redesigning of programmes in response to the COVID-19 crisis resulted in indicators being neutralised (made irrelevant by the crisis and/or no longer monitorable), variable tranches being converted into fixed tranches, topping up of 2020 fixed tranches or front-loading of fixed tranches from 2021. The new SRBCs or resilience contracts, which were designed especially, also consisted mostly of fixed tranches. In addition, the cut-off dates for some indicators and targets were also postponed to 2021 in view of the difficulties in achieving and/or monitoring these in a pandemic context.

As a result, while in 2019 the programmes consisted more of variable tranches (56 % on average) than of fixed tranches (44 %), in 2020 the ratio between fixed and variable tranches was reversed to reach

an average share of 84 % for fixed tranches and 16 % for variable tranches (Figure 11). In most regions, the crisis response entailed a radical shift to fixed tranches on average, thereby providing additional fiscal space to countries in order to fund their COVID-19 response measures. Only the Caribbean, central Africa, Latin America and the Western Balkans kept relatively larger variable tranches across their payments.

This situation is expected to be temporary as ongoing programmes kept larger variable tranches for 2021 and as new programmes under the Neighbourhood Development and International Cooperation Instrument – Global Europe will be designed in a more balanced way. In the medium term, the share of variable tranches is expected to increase beyond the ratio observed in 2019.

FIGURE 11. Average share of fixed and variable tranches in total 2020 disbursements by region

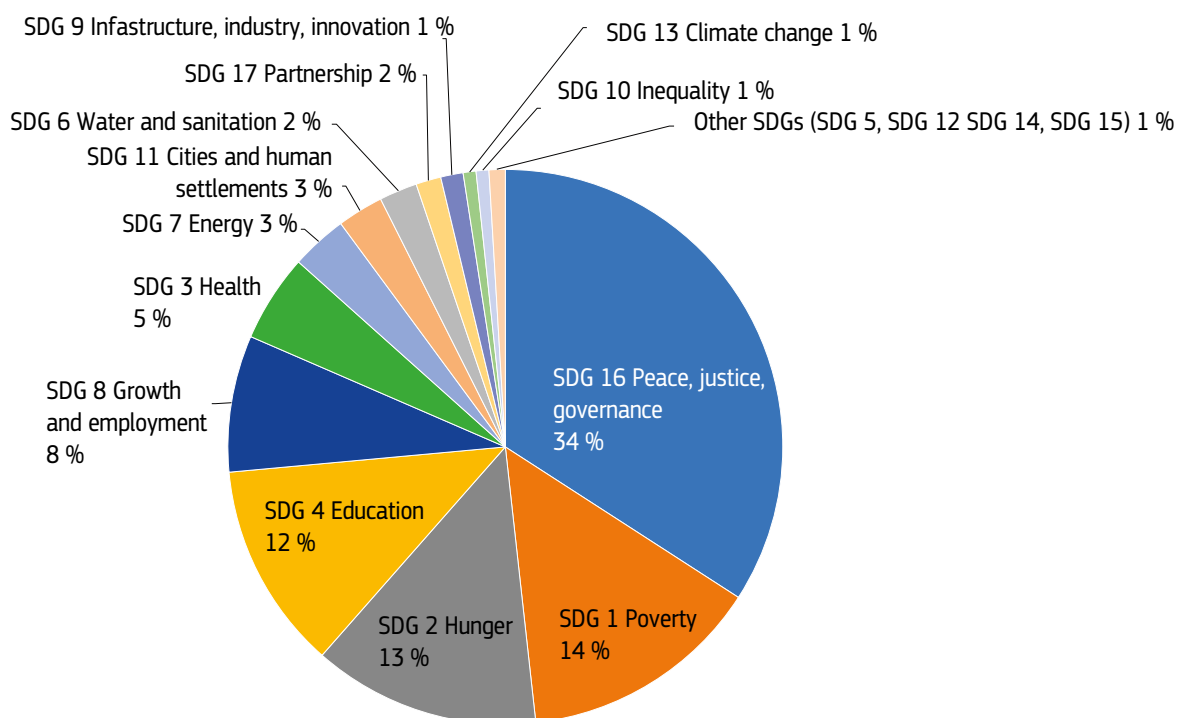


4. Distribution by sustainable development goal and country income group

When looking at the 249 budget support contracts approved and implemented between 2014 and

2020, SDG 16 (peace, justice and strong institutions, encompassing public finance management and public administration reform), SDG 1 (no poverty) SDG 2 (zero hunger), SDG 4 (quality education), SDG 8 (decent work and economic growth) and SDG 3 (good health and well-being) top the list of focal SDGs (Figure 12).

FIGURE 12. Distribution of the 2014–2020 budget support portfolio by main SDG



However, this distribution must be considered carefully. EU budget support contracts are not sector exclusive and there are many interlinkages between the SDGs. This is particularly true for general budget programmes such as SDG-Cs and SRBCs, which by definition have a multidimensional scope covering several SDGs. Furthermore, SRPCs often contribute to more than one SDG. For instance, a health programme may have a component on nutrition, linking SDG 2 with SDG 3. A water and sanitation programme will usually contribute to both SDG 6 and SDG 15. An energy programme will typically contribute to SDG 13.

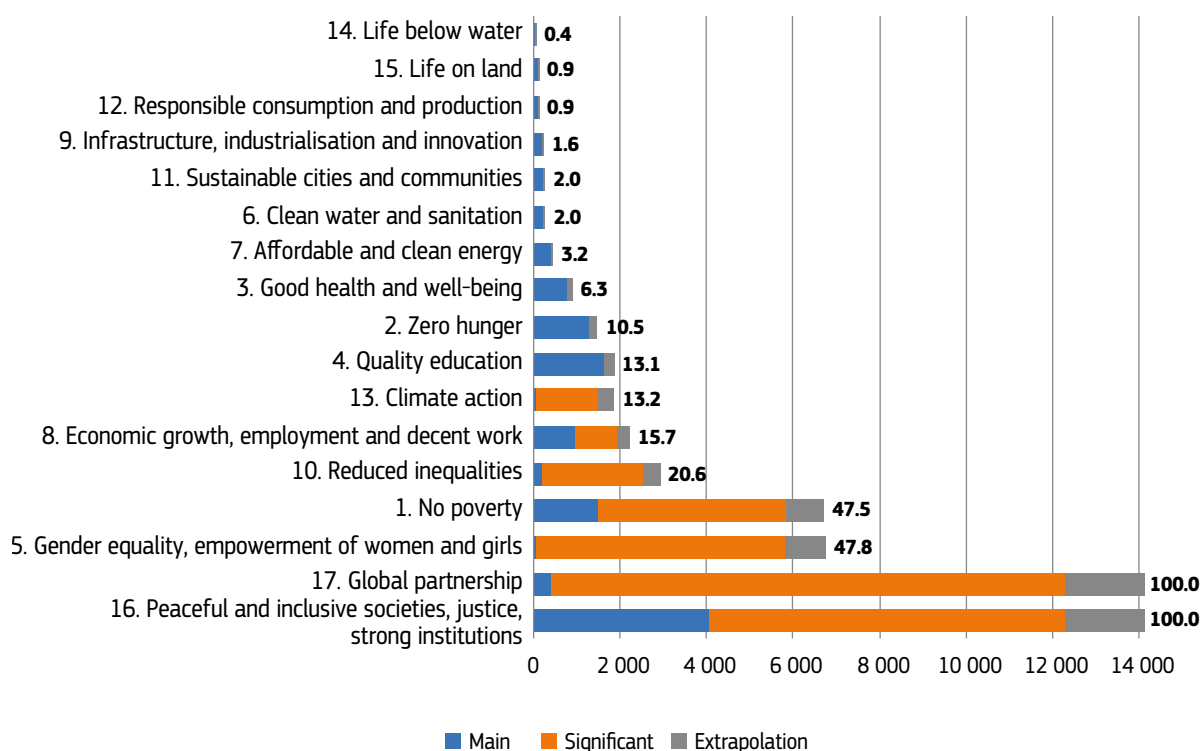
Therefore, a more granular approach – looking at the various SDGs covered by a programme’s general conditions, by specific variable tranche indicators and/or by the additional component on capacity development – provides a more comprehensive

picture of the EU budget support contribution to each SDG. This analysis is provided in Figure 13. This highlights the fact that 48 % of EU budget support programmes contribute mainly or significantly to gender equality (SDG 5).

This analysis also takes into account the fact that, through their systematic focus on public finance management, domestic revenue mobilisation, fiscal transparency and macroeconomic stability, all budget support contracts promote progress on SDG 16 and SDG 17.

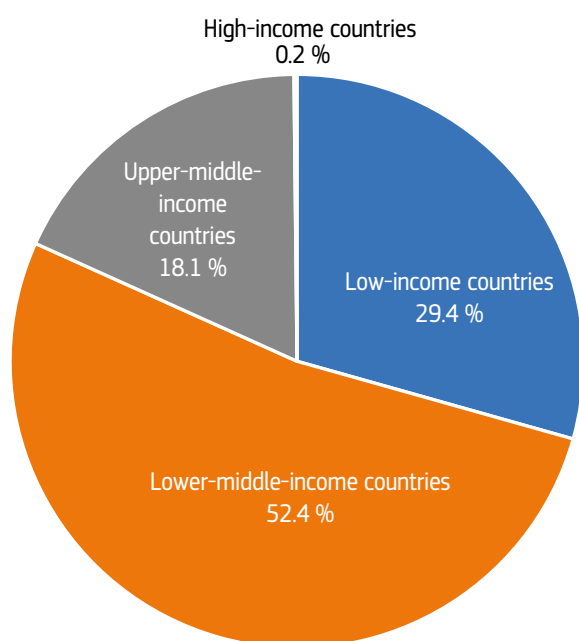
By country group, lower-middle-income countries account for 52.4 % of the total ongoing commitments, and low-income countries account for 29.4 % of total commitments (Figure 14). Altogether, **47 % of ongoing budget support programmes are being implemented in least-developed countries** ⁽⁹⁾.

FIGURE 13. Estimated contributions of EU budget support to each SDG percentage (percent of total amount and in million EUR)



⁽⁹⁾ The list of least-developed countries is set out at UN level and reviewed every 3 years. Least-developed countries are not necessarily low-income countries. To date, the list includes 46 countries (<https://www.un.org/development/desa/dpad/least-developed-country-category.html>).

FIGURE 14. Distribution of the EU budget support portfolio by income group of countries



Annex 1 – Selected country indicators

2020	Asia														
	Afghanistan	Bangladesh	Bhutan	Cambodia	Kyrgyzstan	Laos	Mongolia	Myanmar	Nepal	Pakistan	Uzbekistan	Vietnam			
	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	
Financial implementation															
Number of budget support contracts	2	3	3	4	5	3	1	2	3	3	1	2			
New commitments (million EUR)	100	0	0	0	22	5	0	0	0	0	40	142			
Total commitments (million EUR)	200	376	49	169	101	117	51	333	145	129	40	250			
SDG-C (million EUR)	0	0	0	0	0	0	0	0	0	0	0	0			
SRBC (million EUR)	200	0	0	0	0	0	0	0	0	0	0	0			
SRPC (million EUR)	0	376	49	169	101	117	51	333	145	129	40	250			
Sectors															
	State and resilience building	Education, social protection	Decentralisation, rural development, climate change	Decentralisation, education, public finance management	Social protection, education, democracy	Education, nutrition	Employment	Education, nutrition	Agriculture, education, nutrition	Education, territorial development	Rural development	Energy			
Total payments (million EUR)	100	150	18	47	31	0	16	70	10	11	21	37			
Poverty reduction and inequalities	—	2016	2017	—	2019	2018	2018	2017	2010	2018	2015	2018			
Poverty headcount ratio at USD 1.90 a day in 2011 purchasing power parity (% of population)	—	14.3	1.5	—	0.6	10.0	0.5	1.4	15.0	4.4	4.8	1.8			
National income share held by lowest 20 % share of population (%)	—	8.6	6.7	—	9.6	7.0	7.9	8.9	8.3	9.1	7.4	6.7			
Gini coefficient (%)	—	32.4	37.4	—	29.7	38.8	32.7	30.7	32.8	31.6	34.0	35.7			
Economic growth	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020			
Real GDP growth (%)	-5.0	3.8	-0.8	-3.5	-8.0	-0.4	-5.4	3.2	-1.9	-0.4	1.6	2.9			
Public finance management and transparency (PEFA scores)	Jun. 2018	Jun. 2016	Sep. 2016	Sep. 2020	Mar. 2015	Mar. 2019	—	Mar. 2020	May 2015	Apr. 2020	Jun. 2019	Jul. 2013			
Credibility of the budget	D +	D +	B	B	C +	B	—	B +	B +	B	B +	D +			
Comprehensiveness and transparency	B	C +	B +	C +	C +	C	—	B +	B	C +	C	C +			
Policy-based budgeting	C +	A	B +	C +	B	C	—	C	B +	C	C +	C +			
Predictability and control in budget execution	C +	C +	B	C +	C +	C	—	C +	C +	C	B	C +			
Accounting, recording and reporting	C +	C +	C +	C	B +	C	—	C +	C +	B	C +	C +			
External scrutiny and audit	B	D +	C +	D	C +	C	—	D +	D +	D	B	B			

Asia																									
2020	Afghanistan		Bangladesh		Bhutan		Cambodia		Kyrgyzstan		Laos		Mongolia		Myanmar		Nepal		Pakistan		Uzbekistan		Vietnam		
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	
Budget transparency and oversight																									
Open budget index	50	36	—	—	32	63	—	—	56	28	41	28	—	38											
Control of corruption																									
World Governance Indicator on control of corruption	-1.40	-0.99	1.62	-1.30	-0.95	-1.06	-0.44	-0.63	-0.67	-0.85	-1.05	-0.51													
Macroeconomic management and domestic revenue mobilisation																									
General government gross debt (% GDP)	6.1	35.7	106.6	29.0	54.1	61.6	68.4	38.8	33.1	85.6	29.4	43.4													
Reserve coverage (months of imports)	14.5	6.5	10.9	9.7	6.1	1.7	7.1	3.9	8.9	2.9	15.5	3.5													
General government net lending/borrowing (% GDP)	-1.1	-5.4	-1.2	3.0	-0.1	-5.0	0.8	-3.9	-5.0	-9.0	-0.3	-3.3													
General government expenditure (% GDP)	28.0	15.4	25.5	24.1	34.2	20.4	31.4	20.3	27.3	22.0	28.3	22.8													
Current account balance (% GDP)	11.7	-1.7	-21.1	-15.8	-9.9	-6.5	-15.4	-2.8	-6.9	-4.9	-5.8	3.8													
Revenue excluding grants (% GDP)	14.1	9.9	18.2	25.1	31.8	13.8	—	16.0	21.8	12.9	28.1	19.5													

2020	Caribbean										Saint Kitts and Nevis
	Barbados	Dominica	Dominican Republic	Grenada	Haiti	Jamaica	Saint Lucia	Saint Kitts and Nevis			
	2020	2020	2020	2020	2020	2020	2020	2020			
Financial implementation											
Number of budget support contracts	2	2	4	1	1	4	1	1	1	1	1
New commitments (million EUR)	4	0	0	0	0	0	0	6	0	0	0
Total commitments (million EUR)	7	23	53	3	157	64	6	6	5	5	5
SDG-C (million EUR)	0	0	0	0	0	0	0	0	0	0	0
SRBC (million EUR)	0	20	0	0	157	0	0	0	0	0	0
SRPC (million EUR)	7	3	53	3	0	64	1	1	5	5	5
Sectors											
	Energy, social protection	Resilience, energy	Administration, education	Health	State and resilience building	Agriculture, justice, environment, public finance management	Employment, vocational training	Energy			
Total payments (million EUR)	0.5	2	12	0	33	17	0	3	3	3	3
Poverty reduction and inequalities	—	—	2019	—	2012	—	—	—	—	—	—
Poverty headcount ratio at USD 1.90 a day in 2011 purchasing power parity (% of population)	—	—	0.6	—	24.5	—	—	—	—	—	—
National income share held by lowest 20 % share of population (%)	—	—	6.0	—	5.5	—	—	—	—	—	—
Gini coefficient (%)	—	—	41.9	—	41.1	—	—	—	—	—	—
Economic growth	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
Real GDP growth (%)	-17.6	-10.4	-6.7	-13.5	-3.7	-10.2	-0.5	-18.7	-18.7	-18.7	-18.7
Public finance management and transparency (PEFA scores)	Sep. 2013	Jun. 2016	Oct. 2016	Aug. 2015	Jan. 2012	Feb. 2017	Dec. 2017	Apr. 2016	Apr. 2016	Apr. 2016	Apr. 2016
Credibility of the budget	B +	D +	B +	C +	C	B +	B	C	C	C	C
Comprehensiveness and transparency	C +	C +	B	C	D +	B	B	C	C	C	C
Policy-based budgeting	C +	B	B	C +	D +	B	B +	B +	B +	B +	B +
Predictability and control in budget execution	C +	C +	B	C +	D +	C +	C +	C +	C +	C +	C +
Accounting, recording and reporting	C +	C	C +	C	D	D +	D +	D +	D +	D +	D +
External scrutiny and audit	D +	D +	D +	C	C	B	D +	D +	D +	D +	D +
Budget transparency and oversight	—	—	2019	—	—	2019	—	—	—	—	—
Open budget index	—	—	75	—	—	42	—	—	—	—	—
Control of corruption	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
World Governance Indicator on control of corruption	1.26	0.53	-0.76	0.34	-1.34	-0.06	0.52	0.39	0.39	0.39	0.39
Macroeconomic management and domestic revenue mobilisation	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
General government gross debt (% GDP)	126.8	91.0	53.5	59.7	30.3	94.3	61.3	56.3	56.3	56.3	56.3
Reserve coverage (months of imports)	5.2	8.6	5.3	6.0	5.8	7.4	5.0	11.4	11.4	11.4	11.4
General government net lending/borrowing (% GDP)	3.8	-8.3	-1.9	5.0	-1.4	0.9	-3.5	-1.1	-1.1	-1.1	-1.1
General government expenditure (% GDP)	27.7	49.2	16.3	21.8	9.6	29.7	24.9	40.0	40.0	40.0	40.0
Current account balance (% GDP)	-3.1	-26.7	-1.4	-15.9	-1.7	-2.0	4.8	-2.1	-2.1	-2.1	-2.1
Revenue excluding grants (% GDP)	—	36.8	14.4	23.9	6.6	30.6	20.6	38.1	38.1	38.1	38.1

Central and eastern Africa																		
2020	Cameroon		Central African Republic		São Tomé and Príncipe		Ethiopia		Kenya		Rwanda		Somalia		Tanzania		Uganda	
	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	
Financial implementation																		
Number of budget support contracts	1	3	1	4	1	2	1	1	1	2	1	1	1	1	1	1	1	1
New commitments (million EUR)	0	45	0	35	30	0	30	0	0	0	0	0	0	0	0	0	0	0
Total commitments (million EUR)	152	155	24	286	30	387	107	197	66	66	66	66	66	66	66	66	66	66
SDG-C (million EUR)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SRBC (million EUR)	0	108	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SRPC (million EUR)	152	47	24	286	30	387	0	197	66	66	66	66	66	66	66	66	66	66
Sectors																		
	Rural development, environment	State building and resilience	Water and sanitation	Climate change, health, economic development, employment	Economic development	Environment and climate change, agriculture, energy	State building and resilience	Economic and fiscal governance	Justice									
Total payments (million EUR)	22	29	5	57	37	49	17	37	30									
Poverty reduction and inequalities																		
Poverty headcount ratio at USD 1.90 a day in 2011 purchasing power parity (% of population)	26.0	66.3	35.6	30.8	31.5	56.0	68.6	49.4	41.3									
National income share held by lowest 20 % share of population (%)	4.5	3.3	3.9	7.3	6.2	6.0	—	6.9	6.1									
Gini coefficient (%)	46.6	56.2	56.3	35.0	40.8	43.7	36.8	40.5	42.8									
Economic growth																		
Real GDP growth (%)	-2.8	0.0	-6.5	6.1	-0.1	-0.2	-1.5	1.0	-2.1									
Public finance management and transparency (PEFA scores)																		
Credibility of the budget	B	D+	D+	C	C+	B	—	Oct.2017	Dec.2017									
Comprehensiveness and transparency	C	C	D+	C+	C	B+	—	C+	B									
Policy-based budgeting	C+	C	D	C+	B+	B+	—	B+	B+									
Predictability and control in budget execution	C	C	D	C+	C+	B+	—	C+	B									
Accounting, recording and reporting	C	D+	D	C+	C+	C+	—	D+	B									
External scrutiny and audit	D+	D	D	C+	D	C+	—	B	C+									
Budget transparency and oversight	28	—	24	—	50	39	3	17	58									
Open budget index	28	—	24	—	50	39	3	17	58									
Control of corruption																		
World Governance Indicator on control of corruption	-1.21	-1.23	0.23	-0.41	-0.78	0.56	-1.71	-0.39	-1.17									
Macroeconomic management and domestic revenue mobilisation																		
General government gross debt (% GDP)	41.7	47.2	73.1	57.7	62.1	51.0	0.0	38.2	37.3									
Reserve coverage (months of imports)	5.9	5.6	3.2	2.3	6.1	4.8	—	5.9	4.0									
General government net lending/borrowing (% GDP)	-3.3	1.4	-1.8	-2.5	-7.7	-5.2	0.0	-1.7	-4.8									
General government expenditure (% GDP)	19.1	16.9	24.3	15.4	25.4	28.8	0.0	16.4	18.4									
Current account balance (% GDP)	-4.4	-4.9	-12.5	-5.3	-5.8	-12.4	-10.5	-2.2	-5.7									
Revenue excluding grants (% GDP)	15.2	8.7	14.8	11.6	17.5	19.5	4.6	14.1	12.7									

2020	Latin America									
	Bolivia	Colombia	Ecuador	Guatemala	Guyana	Honduras	Paraguay	Peru	El Salvador	
Financial implementation	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
Number of budget support contracts	5	5	1	1	1	3	3	2	2	
New commitments (million EUR)	50	31	0	0	0	0	38	14	0	
Total commitments (million EUR)	199	81	26	21	30	147	133	54	137	
SDG-C (million EUR)	0	0	0	0	0	0	0	0	0	
SRBC (million EUR)	0	0	0	0	0	0	0	0	0	
SRPC (million EUR)	199	81	26	21	30	147	133	54	137	
Sectors										
	Agriculture, nutrition, fight against drugs, water and sanitation	Agriculture, environment, trade and competitiveness, rural development	Agriculture, trade	Rural development	Environment	Environment, rural development	Education, social protection	Economic development, social protection	Social protection	
Total payments (million EUR)	18	25	9	3	8	25	16	8	8	
Poverty reduction and inequalities	2019	2019	2019	2014	2020	2019	2019	2019	2019	2019
Poverty headcount ratio at USD 1.90 a day in 2011 purchasing power parity (% of population)	3.2	4.9	3.6	8.8	—	14.8	0.9	2.2	1.3	
National income share held by lowest 20 % share of population (%)	5.1	3.7	4.5	4.5	—	3.6	4.8	5.2	6.3	
Gini coefficient (%)	41.6	51.3	45.7	48.3	—	48.2	45.7	41.5	38.8	
Economic growth	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
Real GDP growth (%)	-7.7	-6.8	-7.5	-1.5	43.4	8.0	-0.9	-11.1	-8.6	
Public finance management and transparency (PEFA scores)	Oct. 2009	Oct. 2016	Oct. 2018	May 2018	Nov. 2019	May 2017	Aug. 2016	Jun. 2015	Jul. 2019	
Credibility of the budget	B	B+	C+	C+	B+	C+	C	B	A	
Comprehensiveness and transparency	B	B	B+	C+	C+	B+	B	A	C+	
Policy-based budgeting	C	B+	C+	C	D	B+	C	B+	C	
Predictability and control in budget execution	B	B	B	C	C+	B	B	B	C+	
Accounting, recording and reporting	C	C+	C+	D+	C	B	C	C+	D+	
External scrutiny and audit	D+	C+	D+	D+	D	B+	C+	B	D	
Budget transparency and oversight	2019	2019	2019	2019	—	2019	2019	2019	2019	
Open budget index	12	47	38	65	—	59	46	76	46	
Control of corruption	2019	2019	2019	2019	2019	2019	2019	2019	2019	
World Governance Indicator on control of corruption	-0.74	-0.23	-0.50	-0.90	-0.09	-0.81	-0.83	-0.45	-0.55	
Macroeconomic management and domestic revenue mobilisation	2020	2020	2020	2020	2020	2020	2020	2020	2020	
General government gross debt (% GDP)	56.5	52.3	51.5	26.6	39.8	41.9	25.6	27.1	71.0	
Reserve coverage (months of imports)	7.4	12.4	1.6	9.1	2.0	6.8	8.8	19.5	4.9	
General government net lending/borrowing (% GDP)	-7.2	-2.5	-3.1	-2.3	-2.6	0.1	-3.8	-1.4	-3.1	
General government expenditure (% GDP)	36.1	31.9	36.4	13.5	28.4	25.7	22.8	21.3	26.9	
Current account balance (% GDP)	-3.3	-4.4	0.0	2.4	-34.2	-1.4	-0.6	-1.5	-2.1	
Revenue excluding grants (% GDP)	28.8	—	33.2	—	24.7	25.1	—	19.9	23.4	

2020	Pacific											
	Cook Islands	Fiji	Kiribati	Marshall Islands	Papua New Guinea	Solomon Islands	Timor-Leste	Tonga	Tuvalu	Vanuatu		
Financial implementation	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020		
Number of budget support contracts	1	1	1	1	1	1	1	1	1	1		
New commitments (million EUR)	0	20	0	0	27	0	0	0	0	0		
Total commitments (million EUR)	4	20	21	9	27	17	15	12	7	30		
SDG-C (million EUR)	0	0	0	0	0	0	0	0	0	0		
SRBC (million EUR)	0	0	0	0	0	0	0	0	0	0		
SRPC (million EUR)	4	20	21	9	27	17	15	12	7	30		
Sectors												
	Water and sanitation	Rural development	Economic development	Energy	Economic and financial governance	Water and sanitation	Nutrition	Energy	Environment	Agriculture		
Total payments (million EUR)	1	8	3	0	0	6	7	2	0	12		
Poverty reduction and inequalities	—	2013	—	—	—	2013	2014	2015	2010	2010		
Poverty headcount ratio at USD 1.90 a day in 2011 purchasing power parity (% of population)	—	0.5	—	—	—	24.7	22.0	1.1	3.3	13.2		
National income share held by lowest 20 % share of population (%)	—	7.5	—	—	—	7.0	9.4	6.8	6.6	6.7		
Gini coefficient (%)	—	36.7	—	—	—	37.1	28.7	37.6	39.1	37.6		
Economic growth	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020		
Real GDP growth (%)	—	-19.0	—	-3.3	-3.9	-4.3	-6.8	-0.5	0.5	-9.2		
Public finance management and transparency (PEFA scores)	Aug. 2015	Feb. 2020	—	Oct. 2012	Aug. 2020	Dec. 2012	Jun. 2020	Jan. 2020	Jun. 2011	Aug. 2013		
Credibility of the budget	B +	D	—	C +	D +	C	C	D	C +	B +		
Comprehensiveness and transparency	B	D +	—	D +	D +	C +	C +	C +	C +	C +		
Policy-based budgeting	B	C +	—	C +	D +	C +	D +	C	C	B +		
Predictability and control in budget execution	B	B	—	D +	D +	C	C +	C	C	C +		
Accounting, recording and reporting	B	B	—	D	D	C +	C	C +	C +	B		
External scrutiny and audit	D +	B	—	C	D	D +	D +	D	B	D +		
Budget transparency and oversight	—	2020	2020	2020	2020	2020	2020	2020	2020	2020		
Open budget index	—	-19.0	—	-3.3	50	—	40	—	—	—		
Control of corruption	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019		
World Governance Indicator on control of corruption	-0.22	0.56	0.37	-0.04	-0.99	-0.01	-0.38	-0.35	0.41	-0.26		
Macroeconomic management and domestic revenue mobilisation	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020		
General government gross debt (% GDP)	—	48.9	18.1	23.3	40.0	8.3	9.6	41.3	16.3	45.3		
Reserve coverage (months of imports)	—	66	—	—	4.7	12.2	10.7	8.2	13.1	15.2		
General government net lending/borrowing (% GDP)	—	-4.4	8.4	-1.8	-4.4	-1.5	-25.6	3.2	-1.2	4.6		
General government expenditure (% GDP)	—	29.9	113.8	63.7	20.7	34.2	69.2	38.5	129.3	38.2		
Current account balance (% GDP)	—	-12.7	43.9	-25.4	20.1	-9.8	6.6	-0.9	-43.6	13.1		
Revenue excluding grants (% GDP)	—	—	94.9	31.8	14.2	26.4	42.8	23.4	94.9	31.6		

2020	Southern Africa										West Africa (i)																																																																																																																							
	Angola					Botswana					Madagascar					Mauritius					Mozambique					Namibia					South Africa					Benin					Burkina Faso					Cabo Verde					Chad																																																																															
	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020																																																																																										
Financial implementation	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1																																																																																										
Number of budget support contracts	20	0	21	8	100	20	13	8	100	27	188	248	450	74	61	0	0	0	108	0	74	0	284	0	61	20	13	188	140	166	0	0	0	0	0	0	0	0	0	0																																																																																										
New commitments (million EUR)	20	13	8	100	27	188	248	450	74	61	0	0	0	108	0	74	0	284	0	61	20	13	188	140	166	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																																																																																										
Total commitments (million EUR)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																																																																																										
SDG-C (million EUR)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																																																																																										
SRBC (million EUR)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																																																																																										
SRPC (million EUR)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																																																																																										
Sectors	Economic and financial governance																				Health					State building and resilience					Education					Health, justice, education, business environment, democracy and human rights, gender					Health, water and sanitation, rural development, state building and resilience					Agriculture, decentralisation, justice building and resilience					Economic development building and resilience					State building and resilience																																																																										
Total payments (million EUR)	0	2	0	4	50	32	96	119	17	50	499	14.5	77.6	0.2	78.8	13.8	18.7	49.6	43.8	3.4	38.1	3.8	3.9	5.7	7.2	4.2	2.8	2.4	3.2	8.3	5.0	4.9	51.3	53.3	42.6	36.8	54.0	59.1	63.0	47.8	35.3	42.4	43.3	-4.0	-8.3	-4.2	-15.8	-7.2	-7.0	2.0	0.8	-14.0	-0.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—																																																									
Poverty reduction and inequalities	Poverty headcount ratio at USD 1.90 a day in 2011 purchasing power parity (% of population)																				National income share held by lowest 20 % share of population (%)					Gini coefficient (%)					Economic growth					Real GDP growth (%)					Public finance management and transparency (PEFA scores)					Credibility of the budget					Comprehensiveness and transparency					Policy-based budgeting					Predictability and control in budget execution					Accounting, recording and reporting					External scrutiny and audit					Budget transparency and oversight					Open budget index					Control of corruption					World Governance Indicator on control of corruption					Macroeconomic management and domestic revenue mobilisation					General government gross debt (% GDP)					Reserve coverage (months of imports)					General government net lending/borrowing (% GDP)					General government expenditure (% GDP)					Current account balance (% GDP)					Revenue excluding grants (% GDP)				
World Governance Indicator on control of corruption	2018	2015	2012	2017	2014	2015	2014	2015	2014	2011	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020																																																																											
World Governance Indicator on control of corruption	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019																																																																																
Macroeconomic management and domestic revenue mobilisation	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019																																																																																
General government gross debt (% GDP)	107.1	14.9	37.8	82.8	103.4	59.9	62.2	41.2	42.7	125.0	46.6	12.4	11.3	5.2	16.8	3.7	3.0	8.6	4.4	8.9	0.3	0.7	-7.8	-1.4	-8.3	-0.2	-5.5	-5.3	-0.5	-1.8	1.4	19.2	33.8	14.9	30.5	30.0	37.8	35.0	14.6	23.9	31.2	14.6	5.7	-7.6	-2.2	-5.4	-20.4	-3.0	-4.0	-3.3	-0.4	-4.8	20.0	25.5	10.5	20.0	28.9	31.9	29.7	12.9	18.9	26.2	12.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—																																																
Reserve coverage (months of imports)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—																																																																																
General government net lending/borrowing (% GDP)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—																																																																																
General government expenditure (% GDP)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—																																																																																
Current account balance (% GDP)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—																																																																																
Revenue excluding grants (% GDP)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—																																																																																

2020	Eastern neighbourhood				Southern neighbourhood				Western Balkans				
	Armenia	Georgia	Moldova	Ukraine	Egypt	Jordan	Morocco	Tunisia	Albania	Kosovo	Montenegro	North Macedonia	Serbia
	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
Financial implementation	6	6	2	1	3	5	14	9	7	2	2	2	3
Number of budget support contracts	60	75	15	0	0	40	206	183	74	0	35	40	0
New commitments (million EUR)	118	328	72	89	287	331	1107	856	251	52	50	55	135
SDG-C (million EUR)	0	0	0	0	0	0	0	0	0	0	0	0	0
SRBC (million EUR)	30	75	15	0	0	0	71	0	0	0	27	35	40
SRPC (million EUR)	88	253	57	89	287	331	1036	856	251	25	15	15	135
Sectors	<p>Human rights, economic development, employment, public administration</p> <p>Economic governance, economic development, employment, rural development</p> <p>Economic development, police reform</p> <p>Administration, energy</p> <p>Health, energy, water and sanitation</p> <p>Economic development, education, energy, employment, justice</p> <p>Environment and climate change, economic governance, agriculture and rural development, employment, education, justice, health, social protection, business environment</p> <p>Decentralisation, public administration, economic governance, energy, justice, competitiveness, rural development</p> <p>Economic development, transport, justice, social inclusion, good governance</p> <p>Border management, administration reform, economic development</p> <p>Administration reform, economic development</p> <p>Border management, administration reform, economic development</p> <p>Economic development, youth</p> <p>Administration, border management, education, economic development</p>												
Total payments (million EUR)	70	106	5	12	0	60	433	240	12	34	28	35	23
Poverty reduction and Inequalities	2019	2019	2016	2019	2017	2010	2013	2015	2017	2017	2016	2018	2017
Poverty headcount ratio at USD 1.90 a day in 2011 purchasing power parity (% of population)	1.1	3.8	0.2	0.1	3.8	0.1	0.9	0.2	1.3	0.4	2.5	3.4	5.4
National income share held by lowest 20 % share of population (%)	90	6.8	10.2	9.7	9.0	8.2	6.7	7.8	7.5	9.2	5.2	6.1	5.2
Gini coefficient (%)	299	359	25.7	26.6	31.5	33.7	39.5	32.8	33.2	29.0	38.5	33.0	36.2
Economic growth	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
Real GDP growth (%)	-7.6	-6.1	-7.5	-4.2	3.6	-2.0	-7.0	-8.8	-3.5	-6.0	-15.2	-4.5	-1.0
Public finance management and transparency (PEFA scores)	May 2014	Jun. 2018	Dec. 2015	Nov. 2019	Oct. 2009	Feb. 2017	Sep. 2016	May 2016	Oct. 2017	Jan. 2016	Dec. 2019	—	Jun. 2015
Credibility of the budget	A	A	A	B+	B+	B+	B+	B+	B+	B	B+	—	C
Comprehensiveness and transparency	B+	A	A	B+	B	C+	B	C+	B+	A	B	—	C+
Policy-based budgeting	B+	A	B+	B	B	B+	B+	C+	B	B	B	—	B
Predictability and control in budget execution	B	B+	B	B	C	B	B+	B+	B	B	B	—	C+
Accounting, recording and reporting	B+	B	B+	B	C	C	C	B	B	B+	C	—	B

Annex 2 – Country classifications

Countries with EU budget support contracts (*) (85)				Other EU development assistance recipients (57)			
Low-income countries (18)	Lower-middle-income countries (35)	Upper-middle-income countries (27)	High-income countries (3)	Low-income countries (10)	Lower-middle-income countries/territories (14)	Upper-middle-income countries (26)	High-income countries (7)
<ul style="list-style-type: none"> ▶ Afghanistan ▶ Burkina Faso ▶ Central African Republic ▶ Chad ▶ Ethiopia ▶ The Gambia ▶ Guinea ▶ Haiti ▶ Liberia ▶ Madagascar ▶ Mali ▶ Mozambique ▶ Niger ▶ Rwanda ▶ Sierra Leone ▶ Somalia ▶ Togo ▶ Uganda 	<ul style="list-style-type: none"> ▶ Angola ▶ Bangladesh ▶ Benin ▶ Bhutan ▶ Bolivia ▶ Cabo Verde ▶ Cambodia ▶ Cameroon ▶ Côte d'Ivoire ▶ Egypt ▶ El Salvador ▶ Ghana ▶ Honduras ▶ Kenya ▶ Kiribati ▶ Kyrgyzstan ▶ Laos ▶ Mauritania ▶ Moldova ▶ Mongolia ▶ Morocco ▶ Myanmar/Burma ▶ Nepal ▶ Pakistan ▶ Papua New Guinea ▶ São Tomé and Príncipe ▶ Senegal ▶ Solomon Islands ▶ Tanzania ▶ Timor-Leste ▶ Tunisia ▶ Ukraine ▶ Uzbekistan ▶ Vanuatu ▶ Vietnam 	<ul style="list-style-type: none"> ▶ Albania ▶ Armenia ▶ Botswana ▶ Colombia ▶ Cook Islands ▶ Dominica ▶ Dominican Republic ▶ Ecuador ▶ Fiji ▶ Georgia ▶ Grenada ▶ Guatemala ▶ Guyana ▶ Jamaica ▶ Jordan ▶ Kosovo ▶ Marshall Islands ▶ Montenegro ▶ Namibia ▶ North Macedonia ▶ Paraguay ▶ Peru ▶ Saint Lucia ▶ Serbia ▶ South Africa ▶ Tonga ▶ Tuvalu 	<ul style="list-style-type: none"> ▶ Barbados ▶ Mauritius ▶ Saint Kitts and Nevis 	<ul style="list-style-type: none"> ▶ Burundi ▶ Democratic Republic of the Congo ▶ Eritrea ▶ Guinea-Bissau ▶ Malawi ▶ South Sudan ▶ Sudan ▶ Syria ▶ Tajikistan ▶ Yemen 	<ul style="list-style-type: none"> ▶ Algeria ▶ Comoros ▶ Congo ▶ Djibouti ▶ Eswatini ▶ India ▶ Lesotho ▶ Nicaragua ▶ Nigeria ▶ Philippines ▶ Sri Lanka ▶ West Bank and Gaza ▶ Zambia ▶ Zimbabwe 	<ul style="list-style-type: none"> ▶ Argentina ▶ Azerbaijan ▶ Belarus ▶ Belize ▶ Bosnia and Herzegovina ▶ Brazil ▶ China ▶ Costa Rica ▶ Cuba ▶ Equatorial Guinea ▶ Gabon ▶ Indonesia ▶ Iran ▶ Iraq ▶ Kazakhstan ▶ Lebanon ▶ Libya ▶ Maldives ▶ Mexico ▶ Saint Vincent and the Grenadines ▶ Samoa ▶ Suriname ▶ Thailand ▶ Turkey ▶ Turkmenistan ▶ Venezuela 	<ul style="list-style-type: none"> ▶ Antigua and Barbuda ▶ Chile ▶ Nauru ▶ Palau ▶ Panama ▶ Seychelles ▶ Trinidad and Tobago

(*) OTCs are not included in the table because of the difficulty of assigning them to an income group. The 12 OTCs with an ongoing budget support programme in 2020 were Anguilla, Bonaire, the Falkland Islands, French Polynesia, Greenland, Montserrat, New Caledonia, Pitcairn Islands, Saint Helena and Tristan da Cunha, Saint Pierre and Miquelon, the Turks and Caicos Islands, and Wallis and Futuna.

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