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Development cooperation perpetually faces new challenges.

The prime objective of development cooperation, namely the elimination of hunger from the world, seems to be receding once more into the distance due to the impact of the worldwide increase in basic food prices, resulting in particular from the sudden rise in the prices of inputs and a change in dietary habits.

Whereas up until now hunger has primarily been linked to a lack of basic food products, the causes of malnutrition can now also be traced to large-scale speculation driving up the prices of raw materials as well as the uncertainties of agricultural food production, the over-exploitation of natural resources and the use of basic products in order to provide energy.

Another novel factor is that the food crisis is no longer affecting only poor countries with chronic food deficits, but also economies with a higher average income.

The challenge of the “first world-wide food and nutrition crisis” is to equitably reconcile the various options for the use of natural resources.

This phenomenon can be illustrated by means of the situation in the partner countries of Luxembourg’s development cooperation. The inhabitants of these countries are, in fact, suffering to a greater or lesser degree from malnutrition.

In Vietnam, for example, the highly adverse weather conditions in February 2008 destroyed almost two thirds of the rice shoots planted in the north of the country and conditions in February 2008 destroyed almost two thirds of the rice shoots planted in the north of the country and caused the death of approximately 136 000 draught buffaloes used in rice production. Planting of rice fields had to start from scratch. The government has responded to this crisis by putting in place restrictions on rice exports, but Vietnam is the second largest rice exporter in the world.

For its part, Niger was hit by a serious food crisis in 2005, which necessitated emergency action by international food aid organisations.

In Senegal and Burkina Faso, remedial action is currently needed for violent rioting, in order to put a halt to dramatic rises in the prices of absolutely essential foodstuffs.

After 30 years of green revolution, rice reserves worldwide are at their lowest level since 1976. In order to cope with this situation, new solutions need to be found. Current solutions, consisting of the intensive use of resources and inputs, access to which is generally restricted to large farmers with capital, have significantly penalised small farmers and in particular women.

Development cooperation action taken with regard to rural and local development over the years

Luxembourg development cooperation, whose executive agency is this year celebrating 30 years of existence, has over the years accumulated considerable know-how with regard to rural and agricultural development in particular. There are numerous examples.

In Niger, local development projects implemented by Lux-development in the region of Dosso have, since 2000, through an integrated, participative approach, made it possible to develop a strong link between the authorities and local elected representatives. Hereby improving the living conditions of beneficiaries by strengthening basic community infrastructure, protecting soil fertility with the help of anti-erosion measures and better watershed management, through support for grain banks and through the improvement of yields and the food security of populations.

In Burkina Faso too, Luxembourg gives strong support to the development of protected forests exposed to over-exploitation and plays a part in the preservation of the environment, biodiversity and water resources.

In Asia, several generations of projects in Laos have, within this context, also supported the introduction of sustainable systems for land use so as to improve food security and promote access to markets.

Finally, we should mention the food aid agreements with Cape Verde, which have made provision, since 2003, for annual supplies of wheat from Luxembourg suppliers. The value of the goods is paid into an account designed to fund development projects in the sectors of education, health, water and sanitation, in accordance with the second indicative cooperation programme concluded between Cape Verde and Luxembourg.

The importance of the cross-cutting “environment” issue reconfirmed by the food crisis

For too long, ecological concerns have been viewed as a low-priority objective that only the developed countries could allow themselves to take into consideration. In fact, as development aid forms part of a sustainable development philosophy, development cooperation cannot neglect environmental aspects, when we know that problems linked to the environment, whether relating to the degradation of natural resources or climate change, have a significant impact on the populations of developing countries and the populations of industrialised countries.

During 2007, Lux-Development has significantly strengthened its tools and skills in terms of integrating cross-cutting “environment” issue in the management of its programmes.

In its declaration on development cooperation policy, the Ministry for Development Cooperation confirmed its wish to support the partner countries in the development of sustainable agriculture that respects biodiversity. With regard to restoring and increasing food production in deficit countries, sustainably feeding the world’s population and protecting stability, Lux-Development has the know-how, experience and skills which make it possible to:

- make local rural investment projects part of a sustainable development perspective,
- integrate the preservation of the environment and natural resources into all development projects from the outset,
- take into account the impact of climate change on rural development projects.
In addition, Lux-Development is setting itself the goal of seeking collaboration with Luxembourg researchers and helping partner countries’ research centres in spheres particularly useful for contributing to the Millennium Development Goals (particularly agricultural research, research on health, renewable energy, the use of waste as a source of energy and organic fertiliser, water and sustainable development).

While priority is given to basic foods production and the national self-sufficiency in food of our partner countries, Lux-Development has a role to play in recognising the value of local know-how, the adaptation of technologies, the preservation of soil fertility and the efficient use of natural resources, especially water. Only when national food security is achieved will these countries be able to invest in the production of cash crops and export crops, because they all enjoy climate conditions that are favourable for specific tropical crops.

Finally, we would like to thank everybody at Lux-Development for their work and the progress made during 2007. In this context, we would like to stress that the main asset of our company lies in the professional integrity and skill of our staff.
In the late 1970s, Europe experienced an economic crisis from which Luxembourg did not emerge wholly unscathed. The steel industry was particularly badly affected by the crisis and underwent a comprehensive restructuring. As a result, Luxembourg’s small and medium-sized businesses (SMEs), many of them sub-contractors or suppliers for the steel industry, experienced serious difficulties.

In order to minimise the effects of the crisis, the governments of the day implemented a whole package of measures to limit its impact on the employment market and unemployment. Significant efforts were made to give a fresh boost to the economy, in particular in relation to SMEs.

Thus, it was at the initiative of figures such as Henri Ahlborn, Director of the Chamber of Commerce, Paul Helminger, head of Prime Minister Gaston Thorn’s office, and Jos Weyland, Ambassador at the Ministry of Foreign Affairs, that Lux-Development was established in 1978. Given one of the main objectives at the time of its creation, Lux-Development was set up in the legal form of a “Société à Responsabilité limitée” (limited liability company), with the company name “Société luxembourgeoise pour la Coopération économique internationale” (Luxembourg company for international economic cooperation).

Among Lux-Development’s shareholders were the main Luxembourg exporters, as well as engineering firms, banks and trade associations. The Luxembourg state was represented in this organisation indirectly as a small minority shareholder via the Société Nationale de Crédit et d’Investissement (State Loan and Investment Company - SNCI), which held barely 5% of the shares.

In the early 1980s, however, the upturn in Luxembourg’s economy made the relevance and usefulness of a tool for promoting the private sector, as originally conceived, less and less appropriate, and it was replaced by a greater awareness of the efforts required in the sphere of technical cooperation to encourage the development of the most disadvantaged countries. In this context, it should be noted that the government authorities had from the outset planned to entrust to Lux-Development the implementation of cooperation projects, automatically extending the brief of this new organisation.

Consequently the Luxembourg government, mainly through the Ministry of Foreign Affairs, began to entrust Lux-Development with mandates to manage projects in the sphere of development cooperation. While this activity remained fairly ancillary during the company’s first years of existence, it swiftly became its main focus, and by the early 1990s its core business.

1992 may be seen, on this point, as a transitional year for Lux-Development, which began to evolve imperceptibly into an executive agency for development cooperation for the Ministry of Foreign Affairs, gradually acquiring the human and physical resources to adopt a more professional approach.

This development was, undoubtedly, a direct result of Luxembourg’s change of policy with regard to official development assistance (ODA). From the mid-1980s Luxembourg’s ODA began to increase slowly, but it was in the 1990s that it really began to climb. In parallel with this growth, the share of bilateral cooperation within ODA has risen, and as a result there has been an increase in Lux-Development’s activities.

Lux-Development has experienced several alterations since it was established; the major recent changes are set out below.

The company underwent a major restructuring in 1998. In order to reflect its role as an executive agency working on behalf of the Luxembourg government, the Luxembourg state became the majority shareholder of the company’s capital, which was increased at that time. Following this operation, the state held 63% of Lux-Development’s shares, 61.25% held directly and 1.75% through the SNCI. At the same time, the agency’s legal status was altered and Lux-Development became a “Société Anonyme” (private limited company). In addition, an agreement was signed by the Luxembourg state and Lux-Development precisely defining for the first time the duties and responsibilities of the agency and its main partner, the Ministry of Foreign Affairs.

In 2004, the dominant role of the Luxembourg state was again emphasised when it acquired all shares held by private shareholders, so that, together with the SNCI, which retained its holding of 1.75%, the state became the agency’s sole shareholder. This restructuring at the same time made it possible to avert any conflict or incompatibility with European legislation on procurement. At this time, Lux-Development changed its name and officially became the “Luxembourg Agency for Development Cooperation”.

A few figures illustrate the agency’s growth over recent years. Although in 1992 the number of employees was only around 10 and disbursements amounted to approximately 5 million EUR, today there are 77 permanent employees, located at the headquarters or working in the field, and in addition around 100 experts, technical assistants and technical advisers working on the programmes and projects managed by the agency, as well as the many national employees who play a part in the implementation of these programmes. Annual disbursements now exceed 60 million EUR, and this amount is growing.

Given the permanently changing international context, our agency must regularly review and adapt its internal organisation in order to remain effective and efficient, thus contributing to the quality of Luxembourg’s bilateral development cooperation. Particularly important is adaptation to new methods of development cooperation, which need to change in line with the commitments made by the Luxembourg government at the international level, but also to adjust to the constantly increasing budget made available to the agency. These constitute both challenges and opportunities for Lux-Development, which the management and all the employees are ready to meet for the future.
Ministère des Affaires étrangères

- The law of 6 January 1996 on development cooperation sets the objectives of the Grand Duchy of Luxembourg concerning cooperation policy and provides the legal basis for the creation of the Development Cooperation Fund.
- Overseas development assistance reaches 0.42% of GNI (1996).
- On 17 December 1998 the first agreement between the MFA and Lux-Development is signed. It concerns the distribution of competences, cooperation arrangements and financial procedures.

**Geographical structure**
- Each collaborator is responsible for the entire project cycle.
- Lack of consistency between the various units regarding the management of programmes.

**Funds disbursed:** 20.35 million EUR

**Operational structure**
- More consistency in formulating, implementing and managing contracts.
- Difficulty in remote management of increasingly complex projects and of translating the partnership into action.

**Funds disbursed:** 36.31 million EUR

**Creation of regional offices and launch of Quality Control**
- Closer cooperation with the supervisory partner ministry and technical and financial partners.
- Launch of Quality Control
- Need to improve the consistency of the operational structures.

**Funds disbursed:** 53.57 million EUR

Ministère des Affaires étrangères

- The Paris Declaration on Aid Effectiveness is adopted (2005).
- The MFA decides to open two new field mission (Ouagadougou and Managua) and instigates closer cooperation between its delegation and Lux-Development’s regional offices.
- The first second-generation ICPs are signed during the Partnership Councils.
- Organisational audit of the development cooperation directorate.

**Consolidation of regional offices and ISO certification**
- Lux-Development develops its sector expertise in order to improve the quality of its formulation and implementation.

**Funds disbursed:** 60.27 million EUR (2006)

Consolidation of regional offices and ISO certification

- A new regional office is opened in Dakar

- Luxembourg becomes lead donor in the vocational training sector in Cape Verde
- Luxembourg develops its sector expertise in information and communications technology
- Creation of a control and quality department
- Opening of Ouagadougou and Managua field missions
- Co-location of all development cooperation mission offices with Lux-Development regional offices
- The MFA increases its commitment to local development and places sustainable development at the heart of Luxembourg’s cooperation policy.
- In January 2001, Luxembourg inaugurates its Cooperation Agency in Dakar. This is an important step in bringing cooperation closer to the field level.

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From 2008 onwards, Lux-Development will use electricity from renewable sources only.
Corporate social responsibility – what sort of responsibility applies to a company such as Lux-Development?

There is a famous quote from Abbé Pierre: “For each of us, responsibility implies two things: wanting to know and daring to speak”. In that same spirit, we could extend it to: “For each of us, responsibility implies: wanting to know, daring to speak and then taking action”.

For a company like Lux-Development, though, what responsibilities need to be assumed and what acts ought to result? We should not see a company merely as an economic operator. A company also helps society to progress in social and environmental terms. The management of Lux-Development believes that it is often interesting, useful or even vital to go beyond its legal obligations in this respect.

Corporate social responsibility (CSR) is made up of sustainable development principles applied at the company level. It is the voluntary, proactive assumption by companies of their role as employer (towards their staff and suppliers), their role within society (towards civil society), and their environmental and economic roles.

For Lux-Development, these concerns are not new. In part, they are inherent in the very vocation of the agency, which consists of contributing to the development objectives defined by the Luxembourg government and its partner countries through the effective and efficient implementation of sustainable development programmes.

Since 2005, the agency’s management system has been ISO 9001:2008 certified, and therefore complies with international quality standards. Specifically, this means that Lux-Development, both in Luxembourg and in its regional offices in Africa, Asia and central America, has organised itself so as to give an optimum response to the requirements of the Ministry for Development Cooperation, which entrusts the agency with the programmes to be carried out.

Over the coming years, Lux-Development will try to further increase the weight given to sustainable development criteria in the design and implementation of programmes. We also believe that part of our role is to raise the awareness of our partners and suppliers on this issue.

However, it is not only within the context of development cooperation programmes that Lux-Development must consider this issue and take the appropriate actions, but also in relation to the agency’s own activities.

Like every other company, we must submit accounts to our shareholders, namely the state, and thus, indirectly, the citizens of the Grand Duchy who finance the Luxembourg government’s development cooperation policy. We should emphasise the fact that the agency’s system of governance is not focused solely on achieving results, but also attaches importance to the way in which these results are achieved. We like to see the agency’s four values – solidarity, respect, integrity and effectiveness – to be reflected in what we do and how we do it.

When stressing the importance of the way in which we work, we should mention the code of conduct that Lux-Development set itself in 2007. In fact, integrity cannot be ensured wholly by criminal law or by any system of control, however strict. Integrity, which means a desire for transparency and incorruptibility, must be anchored within the company’s identity and must be a personal responsibility for each employee.

In environmental terms, Lux-Development has implemented an action plan which not only benefits the environment but also helps to ensure the agency is efficiently managed. It is a fact that respect for the environment pays off; the activities undertaken by Lux-Development to reduce paper and energy consumption are enabling the agency to reduce its operating costs.

The energy audit carried out in 2007 identified energy efficiency measures with a view to reducing energy consumption at the agency’s head office. Average consumption of paper per employee (recycled paper or FSC certified paper, which comes from sustainably managed forests) has been falling since 2004.

Bottles of mineral water made of PET were abandoned in 2007 in favour of tap water, following satisfactory results from bacteriological analysis.

With regard to waste recycling, Lux-Development is certified “SuperDrecksKëscht® fir Betriber”, which is a label awarded by the State Environment Agency and the Chamber of trades to companies, which manage their waste in an environmentally-friendly way.

Lux-Development has also chosen to contribute in a voluntary way to combating climate change caused by the CO₂ emissions of flights taken by agency staff carrying out their duties. Thus, 111 tonnes of CO₂ emissions were offset during the final quarter of 2007 through a financial contribution to greenhouse gas reduction projects.

Finally, since March 2008, 100% of the electricity supplied to Lux-Development’s head office has been green electricity, produced exclusively from renewable energy.

The agency is also assuming its responsibilities at the employer and social level. For a company adopting a CSR approach to consume fair trade coffee, tea and orange juice ought to go without saying. For a company adopting a CSR approach to offer opportunities for social integration to persons with difficulties in (re)entering the employment market ought no longer to be surprising. And for a company adopting a CSR approach to help its employees to balance their professional and private lives, particularly through part-time employment contracts, ought also to go without saying.

Lux-Development will in the coming years continue its commitment as a socially responsible company and will communicate the results of these actions. Although communication about CSR is legitimate, it must be based on concrete results, or else it runs the risk of being seen, and rightly, as just another publicity exercise.
THE SEVEN REGIONAL OFFICES

Dakar (Senegal, Mali)
Hanoi (Vietnam, Laos)
Luxembourg (Balkans, Rwanda)
Managua (Nicaragua, El Salvador, Ecuador)
Ouagadougou (Burkina Faso, Niger)
Praia (Cape Verde)
Windhoek (Namibia)
Regional Office - Dakar

Dakar regional office began operating in October 2006. It extends Lux-Development’s decentralised management system by taking responsibility for Senegal and Mali, which had until then been attached to the regional offices of Praia and Ouagadougou respectively. Based in Dakar, close to the airport, it shares a building with the Luxembourg Development Cooperation Mission, giving it excellent visibility and facilitating exchange between the two bodies.

As well as the regional representative, the regional office team is made up of a programme officer posted from headquarters, a procurement officer, an administration and finance official, a management assistant and a driver. 2007 has been a particularly busy year, since as well as the current programme, which included several projects directly run by the regional office, it also contributed significantly to the formulation of the two new programmes in the coverage area. During this year, the regional office has hosted over 40 external delegations, and has carried out 26 missions to monitor programmes, 14 of which were in Mali. With financial programming of over 120 million EUR for the 2007-2012 period (including the microfinance programme by the Luxembourg Development Cooperation Mission, giving it excellent visibility and facilitating exchange between the two bodies.

Within the framework of the actions taken, priority is given to meeting the needs of the most vulnerable groups, with special attention paid to women, children and young people, as well as to rural populations, who have limited access to basic social services.

The new indicative programme, signed on 26 January 2007 in Dakar, has been funded to the tune of 53.3 million EUR, representing an increase of over 54%. Of this funding allocation, 44 million EUR has already been allocated to bilateral activities, and implementation of these has been entrusted to Lux-Development, as the Luxembourg executive agency.

Political life in Senegal, with the re-election of President Wade as the head of state in 2007, and his party’s victory in the general election, is expected to bring increased stability. Only local elections (in March 2009) are to be held in Senegal between now and the end of ICP II’s implementation period, and after a period of frequent adjustments to the Ministry of Vocational Training in early 2008, the time would seem to have come for greater institutional stability. On the other hand, three departments are shortly to be created in the region, but this is outside our target areas.

In Mali, as in Senegal, a new programme will also be launched at the end of the first half of 2008. With six projects still being implemented in 2007, the transition to the second ICP has been less marked. Only two projects will remain in implementation throughout 2008. The new programme, structured around four elements – basic health, water supply and sanitation, food security and technical training and integration into employment – will be complemented by a support element. It will also form part of the same implementation philosophy as in Senegal. ICP II (2007/2011), to which this programme belongs, was signed in January 2007, and its financing has increased from 19.4 million EUR to 55.2 million EUR. This very significant increase is the result of a close partnership with the Malian authorities and the development partners present in Mali. It forms part of the shift in the Republic of Mali’s development policies and strategies.

The focus regions, apart from Kidal, (not managed by the agency) will be the region of Ségou, the cercle of Yorosso in the region of Yorosso, and the district of Bamako.

From a political viewpoint, in 2007 President Amadou Toumani Touré (aka AT1) was re-elected in Mali, and the Democratic Alliance for Democracy and Progress (ADP), which is close to the current president, won the general election in July 2007. After a comprehensive reshuffle in October 2007, with the appointment of Mr Modibo Sidibé to the post of Prime Minister, this government, described as a “fresh government” will no doubt continue along the lines of institutional stability that is a feature of Mali under the third republic. This suggests there will be a good degree of stability during the new cooperation programme’s implementation period, except for a reform of administrative boundaries, still being considered, the results of which are expected to have a certain impact on the southern target area of our activities in Mali.
Senegal

Surrounded by Mauritania, Mali, Guinea and Guinea-Bissau, and surrounding Gambia, Senegal is a small territory with a long and rich political and cultural history. The Senegalese population is distributed very unequally across the country’s 11 regions and the urban population is growing extremely fast. In addition, 54% of the urban area's inhabitants are children, and the majority of the country is in a rather dry Sahelian region.

Senegal’s geography is not very favourable for agriculture. In fact, even though it is highly irrigated in the south, the majority of the country is in a rather dry Sahelian region. Watercourses are rare and, combined with the flatness of the country and the meagre flow of the rivers, this represents a serious natural obstacle to the agricultural development of the regions. There has been a certain degree of development in some forms of farming, such as the groundnut (sandy valley of the Senegal river), rice (in Casamance, which is a well-developed river network), cotton (regions of Tambacounda and Kolda) or livestock (eastern Senegal and Haute Casamance). Senegal is almost a one-crop economy (the groundnut) and has negligible mineral resources. Fishing, which for a long time was one of the country’s main natural products, is in rapid decline.

Three major ethnic groups (Wolof, Serer and Dioula) make up the Senegalese population, the overwhelming majority of which are Muslim. A common national language, Wolof, is spoken throughout the country, as well as in Gambia. Education is, however, in French.

The Senegalese population is distributed very unequally across the country’s 11 regions and the urban population is growing extremely fast. In addition, 54% of the urban population lives in Dakar. The city receives a significant share of internal immigrants attracted by its economic and administrative functions. It is estimated that there are two million Senegalese working outside the country.

Senegal, which used to be a prosperous country, began to decline at the time of the great droughts of the 1970s. The industrial base was based upon groundnut oil mills, fisheries and, to a lesser extent, cotton. With the crash of world food prices, the over-exploitation of resources and the transformation in food habits in Europe, the main importer of Senegalese products, it collapsed. The informal sector continues to dominate economic activity in Senegal.

In 2005, Senegal’s economic environment was affected by soaring oil prices. Despite this constraint, though, Senegal’s economic activity remained sustained, with a real growth in GDP of 6.1% as compared with 5.6% in 2004. Belonging to the category of the least developed countries (LDCs), Senegal remains one of the poorest countries in Africa. Poverty is strongly correlated with household size and a low level of education on the part of the head of the household.

In 2006, the total budget of the United Nations Development Programme (UNDP) (United Nations Development Programme) was 11,082,675,773.58 EUR, representing a per capita GDP of 608 EUR in 2005.
Vocational Training School in Thiès

It took three years for the plot of over 20 hectares made available to the project by Senegal to be transformed into an impressive site, now home to the brand-new technical and vocational training school of Thiès (TVTS). And it is not without cause that on the many visits made by national and international authorities, the management of the TVTS is proud to display the two flags of the partner states responsible for this fine achievement, which would never have seen daylight without an active, constructive partnership between the project’s national executive agency (the Ministry of Technical Education and Vocational Training) and Lux-Development.

The project, which began in September 2003, is one of the flagship projects of the Grand Duchy’s development cooperation. It originated in the development policy that Senegal has been pursuing for several years and which, on education, led to the adoption in August 2001 of the Ten-Year Education and Training Programme, inspired by a new strategy to promote technical education and vocational training. It was within the framework of the implementation of this new policy that the decision was taken to establish a technical and vocational training school in Thiès, offering training courses corresponding to the expectations of students and the needs of the market.

The aims of the TVTS are organised around three strands: initial training, continuing training and the provision of services. For initial vocational training, the decision was taken to select five subjects offering diplomas at the BT level (technician’s certificate) or the BTS level (advanced technician’s certificate): air-conditioning, metallic structures, industrial maintenance, mechanical engineering for engines and civil engineering. For technical education (at the baccalaureate level), it was decided to select the S3 series (applied mathematics), the S4 series (science and technology of agriculture and the environment) and the S5 series (science and technology of agri-foodstuff products).

The range of continuing training is currently being drawn up by the school’s board. It is expected to meet specific training needs, as expressed by companies in the region.

The provision of services is also encouraged by the line ministry, so as to enable the TVTS to generate additional financial resources that will supplement, albeit only in part, the operating budget allocated by the state.

To sum up, over 9,000 m² have been built, with an operating capacity of 1,200 students who are chosen via a national competition. In addition to the teaching areas and services areas, sports facilities have been developed, as well as six service accommodation units for TVTS employees.

The equipment and furniture provided to the Thiès technical school is cutting-edge and highly adapted to the needs of the new training programmes. In addition, it will enable the provision of services to paying third parties.

On top of that, 19 young trainers have been taken on specifically for the needs of the new TVTS. They were trained partly in Senegal, Belgium and the Grand Duchy of Luxembourg, and constitute the core human resources upon which the school’s board can rely.

A package of five new training programmes has been drawn up in full for the vocational subjects, in line with the principles of the skills-based approach.

Finally, the TVTS has benefited from considerable assistance in introducing its procedures for the management and monitoring of students.

The school’s ambition is to become a benchmark institution for Senegal and even for the wider sub-region. It is also an institution intended to exemplify the new policy introduced by the Ministry of Technical Education and Vocational Training at the outset of the decade. Dialogue with businesses has been strongly developed throughout the duration of the activities conducted by the project. Finally, applications by girls are strongly encouraged and, in its second year of operation, the TVTS already has 415 students, 21% of whom are girls.

The future of the technical and vocational training school has now been placed in the hands of its beneficiaries. The issues of its qualitative development and its maintenance are known to the Ministry of Technical Education and Vocational Training, and special, sustained attention must be maintained on these points.
Mali

Mali is a large country, two-thirds covered by desert areas, which shares borders with seven other countries. Landlocked and strongly dependent on climate variations such as drought, locust infestation, desertification and deforestation, the country suffers from many geographical handicaps. In addition, it is a huge area which is deficient in infrastructure and which suffers from a chronic lack of drinking water.

Divided into three bioclimatic zones, in the north Mali has an enormous Saharan zone (the regions of Tombouctou, Gao and Kidja), which is arid and serves as a grazing area for nomadic herds; in the centre there is the Sahelian zone (the regions of Kayes, Ségou, Koulikoro and Mopti), which is semi-arid and dominated by pastoral activities; and in the south there is the Sudanian and Sudanian-Guinean zone (District of Bamako and region of Sikasso), which has more significant rainfall. Dominated by savannah and open woodland, this zone is cultivated. The inland delta of the river Niger, a huge floodplain, covers a large area in the country’s centre.

The majority of Mali’s population lives in a rural environment, as compared with 27% in an urban environment. Approximately 80% of the active population works in the agriculture or fisheries sector, while 10% of the population is nomadic. Mali is a crossroads of civilisations in the agriculture or fisheries sector, while 10% of the population is nomadic. Mali is a crossroads of civilisations, within Africa and internationally. Mali has a strong tradition of emigration. The diaspora of Malians abroad represents nearly 4 million people, which is a quarter of the population.

Since 1992, Mali has been pursuing its comprehensive reform process, aiming to redefine the role of the state, diversify and liberalise the economy, open up the country and promote the private sector as an engine of growth. The programme has brought sustained economic growth of approximately 5% from 1996 to 2005. This rests primarily on four sectors: cotton, rice, livestock and gold mining. The country is therefore reliant on world cotton and gold prices. It is highly dependent on external aid and remittances by Malian emigrants are significant. Mali has historically been a gold-trading country and its gold sector today is performing well, contributing a large proportion of state revenue. It has become the third-largest African gold producer, behind South Africa and Ghana. Cotton-growing, which involves 200 000 family holdings and 3.5 million people, makes a contribution of 8% to GDP. The agricultural sector represents 46% of GDP. Boosted by the dynamism of the transport and telecommunications sub-sectors, the tertiary sector increased its contribution to GDP to 37% in 2000.

In spite of these successes, Mali’s economy remains fragile in view of the reliance on primary products subject to weather hazards, the low level of diversification in exports (cotton, gold and livestock represent approximately 95% of exports), the low added value of output and exports exposed to significant commodity price fluctuations in export products.

Poverty is a tough challenge for Mali’s population, affecting over two-thirds of its residents, i.e. approximately 6.5 million people (53% in 2007 were below the poverty threshold). This phenomenon affects 30% of the urban population and 74% of the rural population. Poverty increases with the distance from the capital of Bamako. Mali’s population also battles with the problem of unemployment and under-employment as well as issues of access to health and education.

<table>
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<tr>
<th>Duration</th>
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<th>Title</th>
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<td>2004-2008</td>
<td>MLI/004</td>
<td>Integrated Rural Development Project - San Ouest</td>
<td>6 300 000</td>
<td>1 403 396</td>
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<td>2004-2008</td>
<td>MLI/005</td>
<td>Decentralisation of Social Services in Bla and Tomintum</td>
<td>3 460 000</td>
<td>844 683</td>
</tr>
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<td>2005-2008</td>
<td>MLI/008</td>
<td>Rural Water Management Project in Barouéli</td>
<td>2 350 000</td>
<td>613 998</td>
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<td>2005-2008</td>
<td>MLI/009</td>
<td>Support to Local Initiatives for Urban Environment Management in Bamako</td>
<td>1 750 000</td>
<td>659 097</td>
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<td>2006-2007</td>
<td>MLI/012</td>
<td>Strengthening of the Statistical Capacities for Development</td>
<td>250 000</td>
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<td>2006-2008</td>
<td>MLI/013</td>
<td>Capacity Building for the Mediator of the Republic of Mali</td>
<td>280 300</td>
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<td>2008-2009</td>
<td>MLI/054</td>
<td>Water Supply in Senou / Bamako</td>
<td>2 200 000</td>
<td>27 524</td>
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<td>2008-2012</td>
<td>MLI/055</td>
<td>Conservation of Ancient Scriptures of Timbuktu</td>
<td>4 000 000</td>
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<td>2008-2011</td>
<td>MLI/056</td>
<td>Basic Health Services Support Programme - ICP 2007-2011</td>
<td>7 500 000</td>
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<td>Food Security Programme - ICP 2007-2011</td>
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<td>2008-2011</td>
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<td>Vocational Training and Job Insertion Programme - ICP 2007-2011</td>
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<td>2008-2011</td>
<td>MLI/060</td>
<td>Facilitation Component of all Programmes related to the ICP 2007-2011</td>
<td>5 300 000</td>
<td>208 303</td>
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</table>
Decentralisation of Social Services in Bla and Tominian

Luxembourg development cooperation focuses here on support for the various local authorities, within the context of the decentralisation process undertaken by the Malian state, seeking to reconcile decentralisation and devolution within the framework of the major national sectoral programmes. Priority is given to the sectors of education and health.

The target area is in the region of Ségou, and specifically in the cercles of Bla and Tominian, which are considered to be the most disadvantaged in the area, with a population of over 400 000 persons. The project has several specific features. The first is its very design: in fact, the highly participative approach used while the project was being formulated has resulted in total ownership by the various stakeholders, and this has been true from the outset of the project.

In addition, although we speak of “a project”, the tasks to be implemented are closer to a programme approach, in so far as there is a complementarity and synergy between them, and they are not isolated activities to be completed separately.

Thus, in the field of education, some actions related to the strengthening of the capabilities of trainers or the teaching structure and the provision of modern logistical resources in terms of IT tools and vehicles. Other measures placed the emphasis on apprentices by creating technical and financial support to help them integrate into the economy at the conclusion of their apprenticeships.

The same applies in the health sector. The project has carried out building and upgrading work on health infrastructure and has funded training programmes for health workers. To enable the most deprived groups to take financial responsibility for their health, economic activities have been added to these activities. Thus, a package of measures has been launched with the various partners involved in the implementation of the project: establishment of community-based health cooperatives, creation of a support fund for young people and women, introduction of credit lines for deprived clients, support for the organisation of associations of target groups, support for the development of revenue-generating activities.

The project activities to be implemented within the framework of support for supervision and the civil authorities were also formulated using the same complementarity and synergy approach, in relation to the upgrading of premises, the development of modern working environments or the training of public servants or elected representatives.

Another interesting feature of the project is its management method. In fact, the project stands out in particular through its community-based management. Although the various national structures were involved in steering the project, the majority of the implementation and monitoring was accomplished via regional health and education bodies and the local partner bodies involved in implementation of the project.

The governor of the region of Ségou, the prefects of the cercles of Bla and Tominian, the medical directors of health centres and referral centres, the directors of social development and cooperative and voluntary services, the directors of educational centres, the councils of cercles and the town halls were all partners which had a consistent input.

MLI/005, which was fundamentally experimental in nature, has shown that the direct involvement of stakeholders and beneficiaries in the process of formulating a project, both in terms of identifying it and in designing and implementing it, is a mark of the success and ownership of the actions by the beneficiaries at all levels. It is, of course, too soon to evaluate the impact of the project, but it is nonetheless true that the consultations held as part of the drafting of the second indicative cooperation programme (ICP) between the Grand Duchy of Luxembourg and the Republic of Mali clearly highlighted the wish of participants that the achievements of this first successful experiment should be built upon.

Luxembourg contribution in 2007: 844 683 EUR
Duration: 2004 - 2008

"Although the various national structures were involved in steering the project, the majority of the implementation and monitoring was accomplished via regional health and education bodies and the local partner bodies"
It has also made it possible to reinforce the capacities of economic interest groupings to collect and process household waste and brought about a noticeable improvement in the socio-economic conditions of the residents of the districts where these measures are being taken, via revenue-generating activities.

The associations, organised into small working groups in the districts, are responsible for carrying out the work: young people and women are employed as unskilled labour. This creates temporary jobs for the latter and, above all, gives them hope in these deprived districts.

The communes are the main partners for this project, which operates in the context of the decentralisation process currently in progress in Mali. A local project monitoring committee chaired by the mayor of the commune has been set up. This operational step, involving the various bodies concerned, makes it possible both to monitor the project and to take into consideration initiatives by civil society bodies in the drafting and implementation of economic, social and cultural development plans, which are the preferred development planning tool in Mali’s communes.

In order to maintain this social impetus, educational and sensitisation measures as well as measures to mobilise the community around the issue of sanitation and the environment have been taken. Additionally, the project contributes to the strengthening of the socio-economic capabilities of young people and women in the areas where action is being taken through support for revenue-generating activities such as shopkeeping and food processing (i.e. making juice from local products).

After two years of activity, a noticeable improvement in living conditions can be observed in the districts: paved streets, less stagnant water and a marked decrease in the number of flies, mosquitoes and rats, which spread disease.

Luxembourg contribution in 2007: 659 097 EUR
Duration: 2005 - 2008

MLI/009
Support to Local Initiatives for Urban Environment Management in Bamako

Health hazards are one of the most worrying aspects of the deterioration in the living conditions of the residents of Mali’s capital, Bamako. This environmental problem covers rain water drainage, sewage disposal and the collection and disposal of household waste. To deal with this situation, many initiatives have been developed by various stakeholders: the state, teams from the communes and residents of the districts.

With this aim, the Yeeleni Association, established by Mrs Aminata Dramane Traore, a well-known figure in Mali’s civil society, undertook sanitation measures in the area of Bamako known as Missira: the residents of this neighbourhood took action and personally paved the streets in front of their houses, cleaned out and repaired the gutters and planted trees. Boosted by this success, the residents of the neighbouring streets and suburbs gathered together in associations with the same goal.

This gathering together resulted in the creation of a federation of Malian associations for sanitation and the protection of the environment (FAMAPE), which is setting out to implement a new project, consisting of reinforcing the activities carried out as part of the first experiment and extending it to other districts.

The Mali and Luxembourg governments have taken this initiative on board through the project entitled “Support to Local Initiatives for Urban Environment Management in Bamako” (MLI/009). The intention is to enable citizens in the districts of Bamako, organised into associations, to participate in improving and managing their environment within a decentralised context.

Luxembourg’s contribution is making it possible to pave 120 000 m² of streets as well to clear out and repair 5 000 m of gutters. In addition, it is providing for the planting of trees and the creation of green spaces, the boosting of the operational and institutional capabilities of 18 civil society associations and the promotion of dialogue between civil society bodies and teams from the communes.

"The residents of this neighbourhood took action and personally paved the streets in front of their houses, cleaned out and repaired the gutters and planted trees"
Regional Office - Hanoi

Luxembourg’s bilateral development cooperation is executed via a multi-annual development plan between Luxembourg (the donor) and its partner countries. In the case of Vietnam, the second indicative cooperation programme (ICP) is in application and it spans from 2006 to 2010 to foresee the allocation of 50 million EUR in its endeavours to alleviate poverty in a sustainable manner. The new programme emphasis is on the classic sectors of health, human resources development (capacity building), vocational training and rural development. It evolves with special attention to the horizontal themes of gender, good governance, decentralisation and transfer of technical knowledge.

A number of new projects and programmes falling under this second cooperation programme were launched during the year 2007.

A pilot project with the Can Tho University, looking at possibilities of recycling the water hyacinth, commenced in the early months of 2007 when Lux-Development started cooperating with national counterparts from agronomy, aquaculture and technology to give a new “life” to this invasive and obstructive vegetation on the waterways of the Mekong delta. The project will attempt to demonstrate, through applied experimentation and research, what possibilities and potential of income generation can be expected at farmer level through the efficient recycling and transformation of the derivative substances such as juice, leaves and biogas in combination with other agricultural waste.

Local development initiatives in the province of Quang Dien have been directed towards the increase of livelihoods for a total of 100,000 mainly poor persons and started to take effect in July 2007.

At the same time a banking and finance-training project was formulated. Its main mission consists of supporting capacity building and institutional strengthening of the State Securities Commission in order to deal with legislation (Securities Law), initial public offerings (IPO), information technology and inspection. At the end of the year, project preparations were well under way towards assisting Vietnam’s capital markets’ development. Such went in parallel with the launch of two nation-wide health sector initiatives in the field of cold chain equipment. The main focus here lies in improving blood transfusion therapies and increasing the quality, safety and availability of blood products. It also serves the aim of securing health benefits via the strengthening of the national Expanded Programme on Immunisation (EPI). Both programmes are aligned and harmonised, via the Vietnamese Ministry of Health, with complementary initiatives of multiple international donors such as the World Bank, UNICEF and WHO.

A number of existing operations were approaching closure at the end of 2007. This was the case of the Hue health technology project concentrating on the supply and maintenance of cardiology and urology equipment as well as the extensive Nghe An Rural Development Programme and the national 10-year Tourism and Hospitality Programme which is presented more in detail under the country section of this report.

Finally in Vietnam, two projects in the northern target provinces of Bac Kan and Cao Bang respectively reached their normal cruising speed, concentrating for one, on vocational training and education and on irrigation via the revitalisation of a millennium old gravity-fed system for the other.

The other Southeast Asian nation Luxembourg supports is the People’s Democratic Republic of Laos. The type, nature and magnitude of the bilateral cooperation programme (2007-2010) are defined in a second ICP amounting to 35 million EUR. The cooperation programme totally respects the Lao development policy as made explicit in the National Growth and Poverty Eradication Strategy (NGPES) 2004-2020 as well as Laos’ first Poverty Reduction Strategy (PRS) reconfirming the importance of decentralising planning functions to local authorities, and improving service delivery at local level.

To date, Lux-Development has been involved in the implementation of a large number of health projects ranging from improving the management and provision of hospital services, strengthening nurse training in Vientiane Province, supporting policy development and the establishment of a national medical equipment management system. Luxembourg is also supporting Vocational training in Khammouane province as well as a Rural Development Programme in Bolikhayxay and Doudomay provinces.

New projects and programmes formulated in 2007 dealt with banking training in the capital city of Vientiane, Human Resources Development for tourism and hospitality, another local development initiative in Bolikhayxay province concentrated around the Khankeut district and, last but not least, a 10.5 million EUR sector-wide national health initiatives programme targeting specifically the provinces of Khammouane and Bolikhayxay.

New Lao-Luxembourg initiatives in 2008 will concentrate on vocational training and education in view of the huge efforts needed in terms of infrastructure, curriculum development, teacher’s training and institutional strengthening at the national level.
At the heart of Southeast Asia, Vietnam extends the length of the east coast of the Indochinese peninsula, a distance of 1 700 km from north to south. Its width does not exceed 300 km. The country is bounded to the east by the China Sea (3 260 km of coastline), to the north by China, to the west and southwest by Laos and Cambodia.

Its relief is very varied and three-quarters of the country is made up of mountains and plateaus. Three large regions can be distinguished: to the north, Bac Bo (formerly Annam), made up of a mountainous zone, the highest point of which is Mount Phan Si Pan (3 142 m), which surrounds the huge plain of the Red River; in the centre, Trung Bo (formerly Cochinchina), with the Annamitic Chain, which slopes gently towards the south and southwest but drops suddenly towards the east, dominating the narrow China Sea coastal strip; in the south, Nam Bo (formerly Cochin China), formed essentially by the huge, rich plain of the Mekong delta.

The climate is influenced by the monsoon, which causes a dry season from December to June and a rainy season from July to the end of September. The country enjoys heavy rains, even typhoons, from June to October, with some regional variations due to altitude. In the north, winters are short. Cold weather runs from January to February, with drizzle and temperatures which can drop to 4°C. In the south, the monsoon climate is dry from November to April and humid from May to October, with a small temperature range.

Vietnam has the third highest population density in South-East Asia after Indonesia and the Philippines. 54 ethnic groups. However, 85% of the population is of “Kinh” (Viet) origin. Many different ethnic groups are related to Thai mountain tribes and live mainly on the high plateaus and mountainous areas in the north. In the interior of the country, there is a growing rural exodus from the poor, isolated regions of the north and centre to the large urban centres. The urban population is growing rapidly at an annual rate of about 4.2%. The Vietnamese population is very young: 29.4% of the population is under 15 and 5.6% is over 65. The average age is 25.

There is an observable and growing gap between rich and poor and between rural and city dwellers. The rate of poverty is 18.3% in urban areas, but it is 44.9% in rural areas. Overall, ethnic minorities have scarcely benefited from the progress made over the last decade, due to social and cultural divisions and a lack of knowledge of the basic social services and information which promotes behavioural change. This is especially the case in rural areas, where the standard of living has improved at a much slower pace.

The economic boom initiated by the “Doi Moi” policy, which started in 1986, continues to bear fruit. The gradual opening of its economy has enabled Vietnam to gradually become integrated into global trade and to develop an economy which is now highly internationalised. The average growth rate of GDP (223% of the population was under the poverty threshold in 2004, compared to 58% in 1993), but the country is still poor (GDP per inhabitant is about 720 USD). Agriculture, which is only a fifth of GDP, is still the occupation of two thirds of the active population.
VIE/015
Hospitality and Tourism Development in Vietnam

Tourism is one of the fastest growing industries in Vietnam and thus a critical sector for employment and generation of income, which in turn is important for poverty reduction.

Luxembourg’s ambitious Hospitality and Tourism Development programme in Vietnam which will terminate in 2008 was mainly financed through a series of grants adding up to approximately 10 million EUR and was composed of three individual projects.

Throughout the years (1997-2007), the programme’s major objective was to contribute to the Vietnamese efforts to develop hotel school capacities to ensure the professional education and training of hotel staff.

The direct aims were for one, to design tourism training curricula at national level in five key areas (cookery, housekeeping, food and beverage, front office, and general hospitality skills), to introduce them in the four national tourism schools in Vietnam, and to set up and secure the sustainability of an internationally recognized assessment, examination and certification system.

The second major aim was to upgrade the physical infrastructure of the existing tourism schools in Hanoi, Ho Chi Minh City and Vung Tau, and to construct and equip a new tourism school and adjacent practical training centre in the ancient capital city of Hue. And most importantly, to increase the capacity of teachers and education managers at tourism schools through train-the-trainer programmes, short-term and long-term overseas study tours, workshops and other hospitality interventions.

The Vietnam National Administration of Tourism (VNAT) and Lux-Development implemented the project jointly with the Ministry of Education and Training with the Ministry of Labour, Invalids and Social Affairs looking on. Vietnam’s Ministry of Education and Training, with the Ministry of Labour, Invalids and Social Affairs, undertook the project’s implementation.

The main beneficiaries of the programme were (i) tourism educators (namely teachers and support staff in the hotel schools), (ii) hospitality students from the same hotel schools, (iii) service providers in the tourism sector, (iv) its employees (through accreditation of skills), and ultimately (v) the national and international tourists in Vietnam. Being a major tourist centre of Vietnam (UNESCO world heritage site) and a target of significant foreign and domestic investments in tourism facilities, Lux-Development and VNAT decided to ‘construct to completion’ a new hotel school in Hue to function as a modern teaching facility. It later incorporated a practical skills training centre and a realistic working environment in the form of a ‘training hotel’ by the name of ‘Villa Hue’.

Villa Hue today offers western standard three-star accommodation (12 guestrooms) national and international cuisine and conference facilities. It simulates a functioning hotel environment and operates on a commercial basis under the auspices of the Hue Tourism School since mid 2007.

As good training grounds are relatively hard to come by in central Vietnam, Villa Hue is giving students a chance to train in a modern international hotel environment and to generate additional income to help support the tourism school’s operations.

Luxembourg has also been supporting a training programme, providing yearly grants for a group of ten promising Vietnamese students and teachers to study at Luxembourg’s Hotel School, the Lycée Technique Hôtelier Alexis Heck. The deputy general manager of Villa Hue is one of the former students to have reaped the benefits of this tuition.

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Looking back, this hospitality and tourism programme was highly relevant in many respects. It provided professionally trained tourism graduates to the industry mainly through improved teaching and learning materials and practical training methods. Extensive teacher training in Vietnam and abroad were key in attaining this objective. Without the expansion and quality improvement of tourism training, the tourism industry in Vietnam could not capitalize on the current boom of the tourism market, missing opportunities for income generation, and ultimately for poverty reduction.

An equally if not more valuable addition to Vietnam’s hospitality education programme is the project’s contribution to the development of a model for assessment, examination and certification in vocational and technical education, which is of particular interest as a model for relevant and valid examination and certification procedures not only to Vietnam National Administration of Tourism, but also to Ministry of Education and Training and Ministry of Labour, Invalids and Social Affairs. Moreover, the project helped establish the Vietnam Tourism Certification Board, which carries out the assessment and certification of hospitality training and which has evolved as a benchmark. This lighthouse effect is not only important for the necessary strive for quality in tourism training, but for other sub-sectors of the education and training system in Vietnam as well.

Luxembourg contribution in 2007: 131 575 EUR
Duration: 2003 – 2008

“Villa Hue today offers western standard three-star accommodation. It simulates a functioning hotel environment and operates on a commercial basis under the auspices of the Hue Tourism School since mid 2007”
Laos is a land-locked country, bordering China, Vietnam, Cambodia, Thailand and Myanmar. It is largely mountainous and partially densely forested where elevations of below 200 m account for only 10% of the total area. The most fertile land is found in the valley of the Mekong, which flows from the north of Laos to the south forming the frontier with Burma and with Thailand for over 60% of its length. The mountains of the Annamite Chain form most of the eastern border with Vietnam.

The terrain is divided into the lowlands and the highlands. The lowlands, which are along the Mekong and other tributary rivers, are predominantly rice-growing, and accommodate the majority of the ethnic Lao (Lao Loum). The highlands are more densely forested, their inhabitants depend mostly on upland rice, non-timber forest products, and animals for their food, and more of the population are from ethnic minority groups such as the Hmong and the Khmu. The lowlands tend to be economically more prosperous.

Laos has a tropical monsoon climate with a rainy season extending from May to November and a dry season from December to April. Approximately 75% of rainfall occurs during the rainy season. The water level in the Mekong River may fluctuate by up to 20m between wet and dry seasons and flooding is a recurrent problem.

In 2004 agriculture accounted for 47% of GDP according to the Asian Development Bank, compared to 61% in 1990. More than 80% of the labour force works in agriculture, where rice is the dominating crop. Other agricultural products comprise sweet potatoes, vegetables, corn, coffee, sugarcane, tobacco, cotton, tea, and peanuts, whereas water buffalo, pigs, cattle, poultry are the major livestock. Industries (timber & timber processing, electric power, food processing, mining, construction, garment manufacturing, cement and low-technology assembling) accounted for 27% of GDP in 2004, compared with around 14% in 1990. Laos is endowed with a wide range of mineral deposits, the most important of which are tin, lead, gravel, gypsum, copper and salt. The service sector contributed 26% of GDP in 2004 with wholesale and retail trade as the leading sectors. Tourism recorded strong growth in recent years. Over the past decade-and-a-half tourism to Lao PDR has grown to a total of 11 million visitors in 2005. But, if the count is limited to international passport holders, the actual international visitor count for 2005 hovers at around 300,000.

The economy continues to be dominated by an unproductive agricultural sector operating largely outside the money economy and in which the public sector continues to play a dominant role. Illegal logging, the export of timber and wildlife, also nourish the informal economy, which have partly replaced the illegal production and trade of opium.

Because of its wealth of water resources, Laos has great potential for hydropower development. The hydroelectric power capacities are being developed with the aid of foreign capital. It is expected that the mining and hydropower sectors (almost 4 billion kWh produced in 2004) will contribute significantly to Lao’s GDP over the coming years.

Despite a relatively high growth rate, Laos remains a country with poor communications and transport infrastructure. Around two thirds of freight traffic moves by road and most remainder travels by river, leaving only a small volume to air freight. Less than 20% of the roads are paved and a railway was often considered unviable. About 30% of houses had access to electricity in 2004.

With a per capita income of 1,954 USD in 2004, the Lao People’s Democratic Republic is one of the poorest countries in South East Asia. It is classified as Least Developed Country (LDC) and ranked 133rd out of 177 countries according to the UN Human Development Index in 2006. Nevertheless, the Lao rate of poverty reduction is encouraging and it compares favorably to Cambodia, is similar to Thailand’s rate but far less than Vietnam’s reported rate of decline.

The poor quality of the education system is another hindrance to development. Although the situation has improved since the 1980s, only 69% of the population was literate in 2003. Laos suffers from shortage of schools, a lack of textbooks, poorly qualified teachers and low school enrolment and completion levels. Teacher’s salaries are uncompetitive and paid with great delay, forcing teachers to earn additional income elsewhere.

A small domestic market, the subsistence nature of the rural economy, skill shortages, very low health standards and the remoteness and isolation of much of the population are among the structural factors constraining growth and poverty reduction.
Agriculture and Rural Development

LAO/011 et LAO/014
Bolikhamxay Integrated Rural Development Project

As with all projects and programmes financed by the Luxembourg government, the primary objective of the “Bolikhamxay Integrated Rural Development” programme is poverty reduction. In the case of this province, the development effort is concentrated on 75 target villages with a total population of about 75,000 living in Bolikh and Pakkading districts.

Poverty reduction in this case is achieved through the integration of an array of development activities that directly contribute to one or more of the four keys to the betterment of rural livelihoods: (i) raised average household incomes, (ii) increased access to social services, (iii) improved rural credit availability and (iv) improved stakeholder participation in the development process.

The provincial and district authorities are the implementing agents (counterparts), further supported by mainly local technical assistance, public and private sector support services, selected local NGOs, and contributions of the beneficiaries in the 75 target villages.

Subsistence, rain-fed rice monoculture is characteristic for a majority of provincial households in Bolikhamxay. Further added by limited market-led activities such as produce trading, retail enterprises, and non-farm value-added activities. In-migration of ethnic minorities accounts for a significantly higher proportion of the poor population in both districts.

Improved agricultural productivity, increased income generating activities and better access to social infrastructure are fundamental to enhancing all livelihoods - especially for the poorest in the project area. Major investment costs are for social infrastructure that include feeder access roads, village infrastructure (water) and school construction.

The “soft activities” investment costs for better governance and credit resource mobilisation include community organisation strengthening, provincial government capacity improvement, primary health care support, rural microfinance establishment, and the provision of local technical expertise for watershed management and trade promotion.

An external mid-term project review conducted in November 2006, reported favourably on the concept and design of the approach, the effectiveness of the activities and the potential impact as well as the sensitivity to cross-cutting issues (such as gender).

Good governance is crucial to both the programme’s ongoing and future sustainability, especially in promoting better planning and monitoring capabilities and in carrying out national policies for a more devolved administration.

The Lao-Luxembourg programme actively pursues intensive collaboration with the counterparts at all levels - especially engaging technical expertise for project activities. The grass-roots programme ensures that all the targeted villages have a sound training in basic village organisation and management and as well as a better understanding of issues (such as gender).

Gender mainstreaming remains a programme priority and has received strong support particularly in favouring both empowerment and drudgery reducing activities with a positive impact on the livelihoods of women, youth and to a lesser degree the elderly in village communities. Examples include the support for clean water supply systems, a stronger participation in village committees and construction skills training.

Careful consideration is given to the possible impact of project interventions such as land clearing and the introduction of new plantation crops on the environment. Indeed, the need to further community awareness and participation in managing natural resources is being pursued through the provision of outreach programmes to particularly vulnerable villages with high dependency on adjacent protected areas and their non-timber forest products.

Support to both village administrations, district and provincial government will continue in the years to come, through close participation in activities at all levels for better development planning, priority setting in the context of provincial strategic framework, resource management, self-monitoring and process control.

In view of its success and ambitions, the Lao-Luxembourg cooperation effort in Bolikhamxay province will be extended to include a third provincial district by the name of Khamkluat in 2008.

Luxembourg contribution in 2007: 1,004,110 EUR
Duration: 2004 - 2008

"Improved agricultural productivity, increased income generating activities and better access to social infrastructure are fundamental to enhancing all livelihoods"
Health in Vientiane Province - Phase III

Lux-Development's first initiatives in Laos started in 1997 in the form of a health project targeting the population of Vientiane province. The investment took place at Phonemy, some 75 km north of Vientiane capital.

In a first phase, a new provincial hospital was built and provided with essential health technology to cater for the needs of the surrounding population. The initiatives rapidly turned into a second phase, being a logical follow-up for so-called "operation and transfer". At the end of the second phase, in November 2003, HRH Grand Duchess Maria Teresa of Luxembourg inaugurated the hospital.

Around that time, a third consolidation phase of the Lao-Luxembourg health programme commenced and supported the Provincial Health Department in a more comprehensive manner by delivering expanded preventive, promotive and curative healthcare through intensified health staff training and decentralised healthcare. Impact was achieved through the implementation of various activities focusing on the implementation of health management at all levels and the establishment of wide-spread health service delivery and associated health financing systems.

In this third phase, the project concentrated on multiple activities delivered at district and community level health facilities. At the same time, results achieved under the two previous project phases were consolidated via the delivery of enhanced preventive and curative services at the Maria Teresa Hospital benefiting tens of thousands of mainly poor populations in the province every year.

Following the recommendations of the mid-term review carried out by the World Health Organization in October 2006, the project allocated supplementary technical and primary health care support to the six focus districts of the province.

Lux-Development’s health support in Laos further comprised a Medical Equipment Management project, which concentrated on the appropriateness and effective management of health care equipment with the Maria Teresa Hospital and the provincial hospital of Bolikhamsay serving as testing grounds.

Human resource development, in particular for nursing, represented another crucial factor contributing to effective and quality health services in Laos. This is recognised by Luxembourg’s Development Cooperation under a project for the development of national standards in nursing education and the establishment of a quality management system for the national nursing programme using the newly established School of Nursing adjacent to Maria Teresa Hospital. Since 2006, yearly batches of 25 registered nurses complement the staffing needs in this field.

Following the successful experiences described above in delivering health care provision, Lux-Development was requested to study and formulate a wide-ranging "Health Initiatives Support Programme" to ensure more synergy between policy and implementation levels and promoting coordination with other stakeholders to strengthen the key priorities of the Lao national health policy.

The centre of attention of this new Lao-Luxembourg Health Initiatives Support Programme consists of support to the provincial health authorities in Bolikhamsay and Khammouane in achieving full health coverage with more effective and efficient health services in accordance with national policies, strategies and plans.

The project has been designed in a participative manner during most of 2007 in both provinces and will aim at building up a comprehensive public health care system, comprising three distinct hierarchical levels of care, each of which will offer a defined package of services to increase coverage and quality. At the same the capacities of the Provincial Health Department in the two provinces will be uplifted to adequately plan, monitor and evaluate the health care system so that available financial and human resources will be allocated more effectively and efficiently.

Moreover, in an effort to increase the vaccination coverage and consequently contribute to the reduction of the current infant and maternal mortality rate throughout the country, the Health Initiatives Support Programme is geared to support the implementation of the recently adopted Five-Year Strategic Plan for enhancing the planning, management and monitoring capacity of the Expanded Immunisation Programme. Luxembourg’s support will consist of the provision of vaccines and cold chain equipment as well as logistic and management support and capacity building.

The Programme will also assist in the establishment and management of technical services in five selected provinces by establishing health facility maintenance workshops and supporting skills development in this area.

Finally, the Health Initiatives Support Programme will be integrated within the appropriate administrative structures of the Ministry of Health at central and provincial level. It is furthermore envisaged to promote the use of uniform planning, monitoring and reporting systems and procedures already agreed upon between the Ministry of Health and its development partners.

Luxembourg contribution in 2007: 854 848 EUR
Duration: 2003 - 2008

"The newly established School of Nursing adjacent to Maria Teresa Hospital releases 25 registered nurses every year"
Regional Office - Luxembourg

The Luxembourg regional office is located at the agency’s head office and covers most countries which are not privileged partner countries of bilateral Luxembourg development cooperation: Rwanda and the various Balkan states in which Luxembourg development cooperation is active, Montenegro, Kosovo, Albania and Serbia.

All these countries represent a very diverse programme of different types of interventions, with interesting and important challenges in terms of the volume of expenditure, even though all the situations are not the same. Every sector of cooperation is being tackled in the projects covered by this regional office.

In Rwanda, two projects are in progress in the areas of health and rural development. They must end in December 2009 and the bilateral programme will not include any new developments in the future.

The past year has seen a strong start to the installation of rural infrastructures, improvement of a gravel road, construction of markets and the preparation of plots irrigated by sprinklers. This stage should end in 2008 and the project is simultaneously working on the consolidation of all the initiatives with the actors: associations, cooperatives and local government.

With regard to health, the project aimed at reducing morbidity and mortality from HIV/AIDS and improving the quality of life of those infected with the virus has entered a second, important phase, which should enable previously obtained results to be consolidated and put on a firm footing.

The closure of the first phase should see the publication of important scientific research in the field of HIV/AIDS.

As far as the Balkans is concerned, the end of the year was notable for the development of the status of Kosovo, which finally declared independence on 17 February 2008. It is too early to grasp the implications of this historic event, but a round table of donors will be organised in Brussels in June 2008 and doubtless will enable us to outline the interventions which Luxembourg could support in the future. Luxembourg development cooperation is, however, already very active in the new country and a formulation mandate had in fact been received for a project in the health sector in August 2007. This project, which aims to install a model national health computer system, is in preparation and could be added to very quickly in line with the Kosovan government’s new requests.

Several projects are in progress in the region and the agency has received two other formulation mandates during the year: Water and Sanitation in southern Serbia and Professional Training in Montenegro.

At the present time, after the conclusion of three projects during 2007, the office is also conducting a Professional Training programme in Kosovo, a development project for agricultural production – especially the dairy sector – in the mountains of northeastern Montenegro and an important project of institutional support to the forestry sector, also in Montenegro. In Albania, a development project in the water and sanitation sector is being carried out in several large Albanian cities in conjunction with the World Bank and the European Development Bank.
Since 1990, Albania and the other countries of the Eastern bloc have demonstrated a desire to join the European bodies and NATO while gaining a large degree of financial and technical support from the international community. A Stability Pact for South-Eastern European countries (Albania, Macedonia, Yugoslavia, Bosnia-Herzegovina, Croatia, Bulgaria and Romania) was signed during the Foreign Ministers' Meeting in Cologne on 10 June 1999. The countries in the region confirmed their desire to cooperate with the international community in order to draw up and apply a common strategy for the stabilisation and development of the region. They also committed to cooperate with the main donors to implement this strategy. This Stability Pact was regarded as the main method of leading to the democratisation and economic development of the region.

Albania is a mountainous country (70%), the highest point of which is at 2,753 m (Mount Korab). The rest of the country is made up of flood plains, the soils of which are mostly of poor quality for agriculture, alternately flooded and dried out. The most fertile land is in the lake district (Lake Ohrid, Great and Small Prespa Lakes) and on some intermediate plateaus between the plain and the mountain. The only notable island is Sazan, which has been occupied in turn by various great European powers.

The climate is Mediterranean in the coastal regions (average winter temperature: 7°C), and becomes more continental in the uplands. Precipitation is quite high (1,000 to 1,500 mm annually), with the flow of humid air meeting the colder continental air, especially in winter, which is the rainy season.

Albania is ranked 68th out of 177 in the UN Human Development Report 2007. Agriculture accounts for a quarter of GDP and there is an extensive informal economy. Economic structures are fragile (unemployment rate of 13.8% in 2006) and depend on external aid and income from emigrant remittances (about 16% of GDP). In 2004, the budget deficit was 5% of GDP and national debt amounted to 56% of GDP. Nevertheless, productivity has improved slightly over about ten years and has experienced regular growth (6%) since 2003 in the context of moderate inflation (2.2% in 2006). In addition, the country’s location and seaport is favourable for development, it has a large range of natural resources and great potential for tourism. Albania hopes to make good use of its improved relations with the EU to attract foreign investment and develop trade.

### Balkans programmes

<table>
<thead>
<tr>
<th>Duration</th>
<th>Code</th>
<th>Title</th>
<th>Total budget EUR</th>
<th>Disbursed 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-2007</td>
<td>ALB/002</td>
<td>Water and Sanitation in Diber Region</td>
<td>4,855,000</td>
<td>926,708</td>
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<tr>
<td>2005-2010</td>
<td>ALB/003</td>
<td>Technical Assistance in support to the Albanian Water Sewage and Sanitation Strategy</td>
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<td>2001-2007</td>
<td>YUG/003</td>
<td>Milk Enterprise Development in Northeast Montenegro</td>
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<td>2003-2007</td>
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<td>YUG/005</td>
<td>Strengthening of the Regional Hospital of Prizren</td>
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<td>2005-2009</td>
<td>YUG/009</td>
<td>Milk Enterprise Development in Northeast Montenegro - Phase II</td>
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<td>2006-2010</td>
<td>YUG/010</td>
<td>Strengthening Vocational Training in Kosovo</td>
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<td>459,368</td>
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<tr>
<td>2007-2011</td>
<td>YUG/012</td>
<td>Forestry Development in Montenegro - Phase II</td>
<td>3,500,000</td>
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</table>
Albania and its integration into Europe, the "Water and Sanitation in Diber Region" project is particularly interesting and its successes should be highlighted for several reasons.

The Diber region, in the mountainous area bordering Kosovo and Macedonia, is particularly poor and very underdeveloped. About 45% of the 200,000 inhabitants who make up the population live below the poverty threshold and, although agriculture is the essential activity for the majority of them, 70% of agricultural operations occupy an area of no more than 1,000 m² on average.

The explanation for these figures lies in the fact that the population has become heavily concentrated in urban areas in recent years and the administrative area of Maqellare, which interests us, is no exception to this rule.

The first major phase of this project of Luxembourg development cooperation with the Albanian government was the construction of distribution infrastructure in nine villages in the area and distribution and sanitation networks in the main urban area. At the conclusion of the project, more than 1,500 families were connected to a network of good-quality drinking water, which represents at least 70% of the population of 8,700 inhabitants. The network was put into operation during 2007 and all the connected households have signed a supply contract.

Today, this is the main investment in the sector in a rural area, since the donors have until now been more interested in the large urban areas, which are also often very backward in this field. Due to the geographical circumstances and the very low population density, this type of project is relatively expensive and donors’ support is crucial, particularly since the population’s ability to contribute is low.

The intervention is taking place in the context of the decentralisation of water management at the national level, a fact that makes the project especially interesting and important as an example and, as a model for the take-over of water and sanitation networks by the Albanian local authorities. The government and its involvement in the project is very important and decisive for the final success of the intervention.

The second phase of the project concerns support for setting up, with the municipal authorities, a water and sanitation management unit for commercial and operational management and the maintenance of the system. The unit has more than 10 employees who have received adequate training and with whom various management systems have been developed and installed. On the commercial side, a very simple computer system, appropriate for the size of the customer database, has been developed for monitoring, billing, and accounting, which staff often had no initial computer training. The skills thus acquired are even put to good advantage to improve the local authority’s financial management.

The start-up phase of this kind of project is often tricky, for many reasons; the inhabitants are not enthusiastic when they have to pay for tap water and quickly revert to using their traditional wells. The initial fixed costs together with the low level of revenue endanger the financial stability of the water management unit and the managers have to understand the stakes involved in order to make good decisions and maintain a policy which is often difficult to justify politically in the short term.

However, at the end of the year a business plan was drawn up. It shows that the costs are under control and that they can be covered by the sale of water, even taking into account the periods of uncertainty at the beginning of the service. This very simple plan is an excellent “map” for local managers in their decision-making.

The process of decentralisation of the water sector at the national level is, as is often the case, very slow and poorly defined in its objectives and in the methods put in place. As this project ends, the desire to decentralise is clear and the efforts made by the authorities are constant. As an example of this, we should mention and welcome the favourable terms, by which subsidies for water management can be obtained if the local authority can show that it is able to cover at least 50% of its costs in an initial phase and that it can improve this performance over time. This is certainly an important primary condition for decentralising the responsibility for the service while still providing the means for the regional and local authorities to meet their obligations in the future.

Luxembourg contribution in 2007: 926,708 EUR
Duration: 2005 - 2007

"The inhabitants are not enthusiastic when they have to pay for tap water and quickly revert to using their traditional wells"
Rwanda is a mountainous country about 1,600 km from the Indian Ocean. It sits between Uganda to the north, Tanzania to the east, Burundi to the south and the Democratic Republic of Congo to the west.

The climate is high altitude tropical, with stable temperatures throughout the year. The seasons depend upon the rainfall (two rainy seasons: October-December and March-May), separated by two dry seasons. These two rainy seasons enable two agricultural cycles, but a large amount of marshland at the bottom of hillsides are cultivated during the dry season, thus enabling a third cycle of cultivation.

The diversity of altitude enables a great variety of agricultural production: typically tropical crops (banana, sweet potato, cassava) coexist with crops from temperate climates (potato and wheat).

Between 1993 and 1994, civil war caused about 800,000 deaths and drove two million refugees across the borders (mainly into Congo and Tanzania). Three million people were also displaced within the country.

Rwanda has a population of about 9.91 million inhabitants, 83% of which is young and rural. More than 1.2 million children are orphans and three children out of ten have lost a father, mother or both. Classification by age group reveals a population with a high fertility and mortality rate. Rwanda’s literacy rate is 70%. Rwanda has been deeply affected by the 1994 genocide and by the lack of governance in the preceding decades. With more than two thirds of its population below the poverty threshold, the country still depends highly on development aid.

The economy of Rwanda is traditionally based on agriculture, which occupied 82% of the active population before 1994. At that time it represented 41% of GNP and 90% of export revenue. The major part of the cultivated land, which occupied half of the total area of the country, was given over to the cultivation of crops: beans (21%), sweet potatoes (14%), sorghum (9%), plantains and cassava. The rest of the cultivated land was given over to commercial crops, in particular arabica coffee, the annual production of which had dropped considerably (31,900 t in 1989; 20,000 t in 1993, 22,500 t in 2005). Tea production lagged far behind, but its sales were 1.2% of GNP compared to 2.2% for coffee.

Since 1994 much progress has been made both in political and economic terms. The national reconciliation currently underway is occurring in a fragile socioeconomic situation, but nevertheless a appreciable progress is being made. Growth indices are enabling progressive changes at the socioeconomic level and having an effect on poverty. Thus in 2006 Rwanda attained its best position in the UN Development Report (158th out of 177). Since 2001, the Rwandan economy has experienced growth of 5% each year. This is based on the export of coffee, tea, tin, iron ore and tourism.

The HIV/AIDS epidemic is still a major public health issue in Rwanda, despite the significant advances in therapeutic care of people living with the virus.
The HIV/AIDS epidemic remains a major public health issue in Rwanda and, in spite of the significant advances in therapeutic care for people living with the virus, many aspects of the fight against HIV/AIDS still need to be maintained and consolidated in order to reduce the morbidity and mortality linked to the virus as well as to improve the quality of life of people affected by it.

After a first support project for the establishment of the Treatment and Research AIDS Centre (TRAC), an important project linked to the sector of the fight against HIV/AIDS was launched in October 2002 as part of the international movement for access to antiretroviral drugs (ARVs) and under the ESTHER programme, which aims to care for patients infected with HIV/AIDS through the twinning of Northern and Southern hospitals. The Ministry for Foreign Affairs proposed that Luxembourg participate in this programme and its call was answered by the Centre Hospitalier de Luxembourg and the Centre Hospitalier du Nord, which proposed a twinning with the Centre Hospitalier Universitaire de Kigali (CHUK) and Rwamagana Hospital. Under the project, an initial group of 600 destitute patients in Rwanda were put on ARVs at the beginning of 2003.

Because of the improvement of the situation in Rwanda, which benefits from a large amount of support in the fight against HIV/AIDS – the number of patients treated rose to more than 35 000 by the end of 2006 – a second phase of intervention was started in the middle of 2007. This phase aimed to consolidate the results and technical arrangements and put them on a firmer footing before the Rwandan authorities took over the programme.

Insofar as the programme is, to a large extent, moving out of its clinical phase to include more organisational dimensions (public health, decentralisation, general approach outside hospitals), the second phase of the programme integrates the end of the twinning into its initial concept to re-focus on a more classical approach of technical assistance, which will enable external support to be withdrawn. The programme is also re-focusing its activities on added-value areas such as paediatric care and the general area of care, with a view to providing psychosocial monitoring, which is complementary to the treatment as such. Moreover, it is focusing on the finalisation of important research and is looking to the mandated and authorised Rwandan authorities to ensure the durability of the initiatives, on the one hand, by supporting the process of decentralisation in the district of Rwamagana and, on the other, by strengthening the TRAC.

One of the project’s novel features is that implementation is being carried out with various national partners which are the bodies directly dependent on the Rwandan Ministry of Health or which have special agreements with it.

To ensure better ownership, various cooperation agreements have been negotiated and signed between the institutions and the project and enable activities to be directly taken over by the Rwandan partners. This specific approach had been tested under the first phase and has been widely strengthened in the withdrawal phase.

The Luxembourg project has also taken an important place in the sector in Rwanda and is taking part in several co-ordination bodies of common actions and funds initiated with other Rwandan and international partners, at a bilateral and multilateral level.

The project is becoming notable for its actions in several areas.

Firstly, in 2002 and 2003, the project was innovative, treating the first destitute patients with a triple-drug cocktail treatment compared to feeding the first destitute patients with a triple-drug cocktail therapy (both adults and children) using generic medication. Secondly, the project is becoming known for an approach to care which complements therapy with a wide programme of psychosocial support. Over the course of the project, this approach has been directed towards children in particular and mothers, which fits very well with Rwandan policy on the fight against poverty. In this context, methods for breaking the news of an HIV-positive diagnosis to children and adolescents have been developed and adapted to the national context, and paediatric support groups have been set up at the TRAC clinic and at Rwamagana Hospital.

From the point of view of the contributions to research, several studies have been carried out, especially on resistance to HIV and mother-child transmission, notably the important AMATA study (on breastfeeding under antiretroviral triple-drug cocktail treatment compared to feeding formula milk; "fenata" means "milk" in Kinyarwanda). The results of the studies have been presented to several national and international conferences and have led the project to be published in specialist journals. An oral presentation on the results from AMATA was given at the fourth IAS (International AIDS Society) conference in 2007 in Sydney.

The results of the studies have been presented to several national and international conferences and have led the project to be published in specialist journals.

"The results of the studies have been presented to several national and international conferences and have led the project to be published in specialist journals"
Mongolia

Area 1,564,116 km²
Population 2,996,000
Population growth rate 0.989 %
Life expectancy at birth (years) 75.56
Literacy 52.3 %

Development cooperation with Mongolia has developed around a health project designed to improve treatment of cardiovascular disease (the leading cause of death in Mongolia), while taking into account the country’s geo-demographic and climate constraints. During the first phase of the project (MON/002), the approach consists of setting up a telemedicine network involving the transmission of echographic images and clinical data, as well as a continuing training network based on a specialised internet site. This strategy will make expert knowledge of hospital specialists available to provincial cardiologists and to improve the level of patient care. Following the encouraging results achieved in the first phase, which have helped to improve identification of initial symptoms and to reduce expensive curative procedures, project MON/003 will maintain the approach taken by continuing to improve the capacities of health structures, particularly in relation to management and prevention.

Morocco

Area 446,550 km²
Population 33,757,175
Population growth rate 1.528 %
Life expectancy at birth (years) 71.22
Literacy 97.8 %

At the end of a decade of development cooperation with the Kingdom of Morocco, the Grand Duchy of Luxembourg is, within the framework of a final cooperation project, continuing to contribute to the national programmes designed to improve the living conditions of rural populations. This contribution is primarily to the Programme for Rural Water Supply and Sanitation via the construction of new water supply systems. Projects MOR/002, MOR/003 and MOR/004 have made it possible to supply drinking water to approximately 120,000 residents of nearly 180 districts in the provinces of Errachidia, Ouarzazate and Zagora, in the south of Morocco. In project MOR/004, two distribution channels were created, and individual sewerage systems as well as systems for local bodies were installed. The objective of project MOR/005 is to continue with the creation of water supply systems, but also to ensure, in a sustainable fashion, that the water supply systems created as part of the three previous projects operate properly and are properly maintained, and to improve sewerage in the beneficiary districts. All local resources (beneficiaries, organisations and authorities) were mobilised to participate actively in carrying out the project. Particular attention was paid to awareness-raising and the training of users’ associations so that they are able to take responsibility for the sustainable management of their own facilities.

Tunisia

Area 163,610 km²
Population 10,383,500
Population growth rate 0.989 %
Life expectancy at birth (years) 71.22
Literacy 97.8 %

The fruits of over 20 years of development cooperation, the activities of Lux-Development in Tunisia have been continually developing, mainly in the sectors of agriculture and rural development, as well as education, literacy and training.

Luxembourg was the first country to co-finance, within the framework of bilateral development cooperation, projects forming part of the programme of the National Solidarity Fund for the development of "shadow areas". It has thus given its support to the implementation of three successive projects in three governorates: Béja (TUN/014), Bouira (TUN/020) and Kairouan (TUN/023), the latter being in the closure phase. Using the participative approach, it is designed to contribute to improving living conditions through the upgrading of the environment, the installation of electricity and drinking water systems, the development of rural roads and the installation of public telephone boxes. It is also expected to promote higher incomes through the development of irrigation schemes, the protection of the environment and the funding of creative micro-projects and, finally, will act to promote social development through the creation of health structures, the improvement of school infrastructure, the construction or fitting out of community centres and through technical assistance to the population.

In the technical training sector, following up on project TUN/021 (carried out between 2000 and 2004), where the Grand Duchy of Luxembourg contributed to the upgrading of six vocational training schools, project TUN/024 will continue its support by focusing most of its action on one establishment on a pilot basis – the Radès vocational training school. The aim is to make this establishment into a model school that has been entirely renovated (infrastructure, equipment, curricula), with competent staff, and a dynamic school and extra-curricular life. The intention is also to clarify the institutional framework of vocational training schools, as well as their positioning within the educational and professional systems, and to furnish vocational training schools with a resources centre that can build up know-how and experience useful to vocational training schools and then disseminate it.
Water and Sanitation in the Provinces of Errachidia, Zagora and Ouarzazate

In 1995, Morocco launched the Programme d’Alimentation Groupee en Eau potable des populations Rurales (PAGER: the programme for bulk provision of potable water to rural populations), which aimed to provide the entire rural population with potable water under acceptable conditions.

Water, as a source of life and as an economic, social and environmental factor, has always been one of the major priorities of Moroccan national policy. Its availability and access to it for every citizen is a central concern in development plans.

Over recent decades, the alternation of periods of strong rains and times of severe drought has become a distinguishing feature of the Moroccan climate and water regimen. Apart from the negative impact on food crops, drought is a serious threat to rural populations’ settled way of life.

Most populations were fetching water from traditional supply points or were travelling long distances in search of it. This water did not satisfy health standards or international standards. Moreover, the task of fetching water was being carried out by women and children, to the detriment of family well-being and children’s education.

The national master plan for the provision of potable water to rural populations, approved in 1994, was the basis for the PAGER. The ultimate aim of the PAGER is to enable general access to healthy, tested water to 31,000 rural localities containing about 13 million inhabitants.

By using a participatory approach, giving an important role to the population, mobilising them and gaining their support, the PAGER has met its ambitious goals. The populations are obliged to organise themselves into water user associations, which benefit from technical assistance and adequate training throughout the project. The local rural authorities’ financial contribution is 15% and that of the associations is 5%. The remaining 80% is provided by the state through international development co-operation.

During the period from 1995 to 2007, more than 8.5 million inhabitants benefited from the PAGER, bringing the rate of access to rural potable water from 14% to 90%. By virtue of this, at present 10.4 million inhabitants have access to nearby potable water. These efforts were recognised by the United Nations, which in 2004 awarded the prize for “Improvement in Public Service Results” to the State Secretariat for Water.

Through development cooperation, the Grand Duchy of Luxembourg supports three provinces in the south of Morocco, the provinces of Errachidia, Ouarzazate and Zagora. The development cooperation programme to support the installation of a hundred potable water systems started in 1997 and will finish at the end of 2008.

The programme is made up of four successive projects, of which three have already concluded. The final one, currently underway, will provide 107 water systems to 205 localities with a rural population of almost 150,000 inhabitants.

Water provision also entails sanitation. Thus, at the end of the programme, and under this project, 1,050 toilets will be constructed for individual homes and 136 toilets in schools, community centres and mosques.

By the end of 2008, there should be an improvement in the rate of access to water of 19% in Errachidia, 22% in Zagora and 7% in Ouarzazate. The proportion of the population with access to water should reach 90% in Errachidia, thus making it one of the provinces properly supplied with water. Moreover, with the introduction of individual connections in some localities, households will enjoy a level of service comparable with that in an urban location.

Alongside the improvement in the quality of life, this cooperation programme has encouraged the creation of ten civil engineering and pumping equipment supply firms, the majority of which are now entering the national marketplace.

The cooperation efforts have enabled a culture of sharing and ownership of public goods to take root through the creation of 78 water user associations so far. These efforts and the hard work of awareness-raising and training have created more enthusiasm and are fuelling the populace’s hope for a better future.

Luxembourg contribution in 2007: 616,628 EUR
Duration: 2005 - 2008

"The programme is made up of four successive projects, of which three have already concluded. The final one, currently underway, will provide 107 water systems to 205 localities with a rural population of almost 150,000 inhabitants"
Regional Office - Managua

Luxembourg’s bilateral development cooperation is present in three South American countries: Nicaragua, El Salvador and Ecuador.

In Nicaragua, the indicative cooperation programme (ICP), which covers the 2007-2010 period, aims to support the Nicaraguan government’s work on poverty reduction and sustainable development. The objectives in the ICP are aligned with the priorities laid down in the National Development Plan and the Millennium Development Goals.

Luxembourg development cooperation is targeted at three priority sectors: education and vocational training, health and access to drinking water and sanitation. In general terms, within these sectors which are, of course, traditional ones, Luxembourg development cooperation has developed a niche policy which gives it a strong recognition level and its own identity.

Thus, in the education sector, there is an emphasis on vocational training courses culminating in qualifications that lead to jobs, particularly in the tourism sector: the National Hospitality School supported by Luxembourg trains cooks, food and beverage staff, receptionists, cleaners and tourist guides. Synergies have been developed with the “Coffee Route” project whose aim is to achieve local economic development through tourism. This is a highly innovative project, both in terms of its concept and its implementation, since it unites and gives a boost to all those involved local areas, districts, the private sector and development cooperation bodies.

In the health sector, the project to support the implementation of the national health policy in the districts of Masaya, Carazo and Rivas comprises various innovations: support for the recognition and profile-raising of traditional medicine, a multi-sectoral approach to AIDS prevention and the organisation of regular rounds by a travelling workshop for the preventive and remedial maintenance of health units. These three elements represent pilot initiatives which only a project can take the risk of developing. The intention is to roll them out to other districts if successful.

A second health project is aimed at improving blood transfusion safety. The objective is, while prioritising voluntary, free donation, to equip the Nicaraguan Red Cross with the infrastructure and capacity to take responsibility for the entire transfusion chain: blood collection, serological tests, processing and separation, storage and distribution of blood products to hospitals.

In the water supply sector, the approach has shifted from support focused on the construction of drinking water networks to support that prioritises the strengthening of the national operator’s management capacities. This approach should make it possible to improve the quality of service provided to users, reduce operating costs and improve the sustainability of the project’s impact.

2007 is the first year of Daniel Ortega’s presidency of Nicaragua. The change in government has led to considerable centralisation, resulting in a certain slowness in decision-making. Working relations with the beneficiary country have been affected by the change of government, at three levels: changes in personnel, changes in priorities and changes in methods. These dislocations have affected project working relations with the beneficiary country, in the sense that they have necessitated a period of three or four months of adaptation and re-familiarisation. This has led to delays in the decision process and the need for projects to carry out work connected with presentation, provision of information and communication to the new authorities, to explain the content and methods of operation of the projects financed by Luxembourg development cooperation.

In El Salvador, the ICP for 2007-2010 set out a new approach for the implementation of bilateral cooperation: individual projects have been abolished, and are replaced by an integrated programme to combat poverty. Because of this, Luxembourg development cooperation is supporting the “Red Solidaria” (Solidarity Network) programme and is acting in a coordinated way in 13 communes in the east of El Salvador, which is its traditional area of operation. The new programme operates in the sectors of water supply, education, health, rural electricity, agriculture and the strengthening of local institutions. The challenge is to make all these activities consistent across the various geographical areas and to comply with the programme’s coordination framework at national level. To this end, the Luxembourg programme is working closely with the other donors that support the “Solidarity Network”. The most important task is to develop common indicators that will make it possible to monitor the programme and measure its impact.

In Ecuador, which is not a priority country for Luxembourg development cooperation, Lux-Development began the implementation of two projects in 2007: a project to build schools in the Esmeraldas and Manabí districts, and a hospital project in Macas. This second project is being carried out in close collaboration with the Ecuador Ministry of Health and the Belgian Technical Cooperation (BTC). These are the last two projects being implemented in Ecuador prior to the final withdrawal of Luxembourg’s bilateral development cooperation.
Nicaragua is divided into three main geographical regions. The Pacific region, located in a trough or rift valley, occupies the south-west of the country. It includes the lake of Nicaragua (Gocobola) and the lake of Managua (Kikolan). It is crossed from north to south by a volcanic chain which extends between the Cosigüina volcano, in the Gulf of Fonseca, and the Maderas volcano, on the island of Omotepé. Its coastline has many beaches. This region is the most significant tourism corridor in the country. It is the most fertile and the most densely populated. In geomorphologic terms, it has low hills and mountains along the Pacific coast.

The central region has the oldest geological soil in Nicaragua. It is formed by the Segoviano massif, home to the country’s highest peaks; chief of which is Mogotón (2,107 m), located in the Honduras border region. Towards the east, this region is bordered at the north by the lower course of the Coco. The plain of the Atlantic region is sub-tropical and many coastal lagoons. There are three climatic zones in Nicaragua: the coastal Pacific zone, which enjoys a dry tropical climate with high temperatures, the sub-tropical zone in the centre of the country or in the interior, where the altitude is greater and the temperatures cooler, and the Atlantic zone, which enjoys a humid tropical climate with significant precipitation and high temperatures.

According to the experts, Nicaragua’s population is currently on a downward trend. The population growth index fell from 3.5% in 1995 to 1.7% in 2005. The make-up of the population is multi-ethnic. The main ethnic groups are the Miskitos, the Mayangnas, the Sumus, the Ramas and the Sutabas. The population is mainly concentrated in the capital, Managua, which has 1.2 million residents.

Unemployment is common, income distribution is among the most unequal in the world; the country has an enormous foreign debt and Nicaragua, dependent on international aid, suffers from energy shortages, which act as a brake on its growth.

There are few countries to have undergone such drastic and dramatic changes as Nicaragua over the last 25 years. It is in part for this reason that the social situation and conditions of production are currently precarious. This long period of change – the violent fall of the political regime in 1979, the 10 years of revolution and civil war which followed and an unstable transition since 1990 – has had considerable economic, social and political costs.

Although the structural adjustment programme implemented has had a profound effect and has succeeded in controlling inflation, it has not been sufficient to boost production via stabilisation and consequently the reconstruction of the country. With regard to poverty, a recovery in production and employment, economic and social progress remain limited.

The new role devolved to the state, which restricts it to conducting the reforms and managing social programmes with the support of the development cooperation partners, does not enable the strengthening of institutions and the territorial cohesion of the country. Often absent in rural areas located at the borders and in regions with a strong ethnic component, it will merely be present to support development cooperation projects.

The main challenge to be tackled by Nicaragua is to eliminate inequality and poverty, which affect women and children most severely. Poverty still affects 46.3% of the population, according to a study conducted in 2005. With regard to income distribution, 45% of income goes to 10% of the richest residents, while only 14% goes to the poorest. With a gross national product per capita of 453 dollars, Nicaragua is the third poorest country in the Americas, after Haiti and Bolivia. Poverty affects 2.3 million people, of whom 831,000 live in total poverty, mainly in the central and Atlantic regions.
Support to Hospitality Training in Nicaragua – Phase II

Nicaragua has significant potential in terms of natural and human resources. The tourism sector has experienced consistent growth and has become a significant source of currency and job creation. The national economy is growing through the strengthening of the tourism and hospitality sector, and human resources are the engine of this growth. In addition, as a result of strong public demand, education and vocational training are the most effective ways of reducing poverty, exclusion and illiteracy.

In response to the growing demand for training and increased professionalism in the tourism and hospitality services sector, Luxembourg has built and fitted out the first national school for vocational training in this sector: the École Nationale d’Hôtellerie (ENAH), the National Hospitality School. Following the completion of the infrastructure, the project is at present working on creating the right conditions to foster the smooth operation and sustainability of the hospitality school. It is working on this with INATEC (the National Technological Institute), which is the national body responsible for vocational training, together with the Ministry of Education, the national tourism institute and above all with the trade associations, in order to offer training and advanced courses that meet the sector’s needs.

In addition to all these organisational activities, the project has also supported actions to increase the school’s visibility. It took part in the launch of the regional network of Central American hospitality schools and the organisation of the first hospitality training exhibition in Nicaragua. As regards the general public, the project has funded the first awareness-raising campaign relating to hygiene measures to be taken when handling and storing food products. Taken together, these activities represent a step-change for vocational training in Nicaragua, even though many actions still remain to be developed to further reinforce and structure these initial achievements. We should, however, stress the high expectations engendered by the creation of the national hospitality school and the prospects for future development generated by the school. Representatives of the profession are making urgent calls for training courses to be available throughout Nicaragua, INATEC is using the project as a model in carrying out a thorough re-examination of all vocational training in all sectors, and the Central American network is organising itself around the innovative experiment in progress in Nicaragua. These arguments go to show that this contribution by Luxembourg development cooperation is already having an important impact, which is likely to increase significantly in the coming years.

ENAH actually commenced operations in 2007: the first courses for cleaners and receptionists started in February. The other three training courses for cooks, food & beverage staff and tourist guides were launched in July. The training restaurant opened in September. During the fourth quarter, the project began organising courses in INATEC’s two regional centres, at Matagalpa and Bilwi.

At the end of the first year, considerable progress has been made. Training courses in the five basic trades have been introduced, the school’s list of training courses is nearly completed, ENAH’s administrative and financial capacity has been strengthened, monitoring indicators and a planning method have been put in place and the ISO 9001 certification process has been launched.

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Luxembourg contribution in 2007: 633 620 EUR
Duration: 2006 - 2009

“The future teachers themselves had never given any lessons. The administrative and management staff had never worked in a vocational training establishment.”
In the 1960s, focusing on access to leisure pursuits, tourism development mainly involved the establishment of spa and mountain resorts. In the 1970s there was a move towards local development, while in the 1980s the focus was on environmental impact and in the 1990s on sustainable development. As in other fields, where international cooperation is concerned, the challenge today is to promote the introduction of a tourism model that is both just and inclusive, making it possible to combat poverty and to generate decent jobs.

The logic behind the new tourism, which considers not only its impacts on the various sectors (environmental, cultural and economic), but also its general positioning as a development strategy, lies in the cross-cutting nature of this sector of activities. It deals with infrastructure, facilities and services as well as society as a whole, and, in the case of international tourism, the relationship between countries of the global North and the global South.

There has been a change in the approach adopted by international development cooperation: following the completion of specific studies for the development of priority tourism areas, particularly on the coast, tourism is now seen as a real tool for integrated, sustainable development. This is particularly true in the case of local development and giving renewed impetus to the small and medium-sized enterprises (SME) sector.

In Asia (Vietnam), Africa (Cape Verde) and South America (Nicaragua), Luxembourg is already an active participant in this rethinking of a section of international development cooperation, through the creation of hospitality schools for the training of professionals specialising in tourism-linked jobs. In line with the changes in development cooperation, accelerated by the wish of the countries of the global South to control their own socio-economic development and to train their professional staff, it is logical for alternative models to come to the fore.

Nicaragua is no exception and, since the late 1990s, Nicaragua’s National Institute for Tourism has been working together with various donors, including Luxembourg, on the introduction of a programme which is both thematic and geographical: “Tourist Routes of Nicaragua”. This aims to even out the distribution of revenue generated by tourism by restoring the balance between coastal regions and the hinterland. This is achieved through the development of new products (eco-tourism, rural tourism, agri-tourism, sports tourism) and the promotion and combination of ‘nature’, ‘culture’ and ‘adventure’ segments.

It is within this context that Nicaragua decided to strengthen its bilateral development cooperation with Luxembourg. The request related to both technical and financial support for the “Tourist Routes” programme, and specifically the “Coffee Route”, which links together five departments in the north of the country (Grajal, Niquetzá, Matagalpa and Nueva Segovia). For Luxembourg, this means sectoral cooperation based on a national strategy, but implemented using a concrete local development project whose beneficiaries are specifically identified: institutions, local or regional authorities, professional associations of small and medium-sized businesses and civil society organisations. It was in coordination with these partners that the “Coffee Route” project was drawn up in late 2006. In all programmes where implementation is entrusted to Lux-Development, this stage of collaborative planning is a crucial aspect in ensuring the sustainability of the initiatives. Involving the beneficiaries in planning makes immediate ownership of the project possible and creates the conditions required to achieve the hoped-for results.

The technical and financial support provided by Luxembourg development cooperation is reinforced by partnerships set up with the Nicaraguan counterparts and by coordination with donors of bilateral funds (Germany, France, the Netherlands and Switzerland) and multilateral funds, particularly the European Union and the Inter-American Development Bank.

The main innovation in this project is the sequential nature of programming. The organization of the stakeholders, in 2007, by means of municipal and departmental tourism councils will be followed, in 2008, by the funding of pilot projects identified during the initial stage of regional planning.

Following the coming together of the Nicaraguan Tourism Institute and the Nicaraguan Local Development Institute, a tourism planning pilot project has been set up. The project added to and validated a “Guide to local tourism planning” with its field manual. Five teams from departments, i.e. one working group per department, were taken on to draw up tourism development plans for a total of 15 pilot municipalities.

The co-financing injected into the project has made it possible to set up a proper calendar of tourism activities and to strengthen coordination around concrete objectives between the stakeholders. This programming will be systematised using an integrated communication, promotion and marketing strategy. Special attention will be paid to the website www.rutadelcafe.info, which has already been created and which will provide on-line information about all progress made in the project.

Luxembourg contribution in 2007: 1 418 678 EUR
Duration: 2007 - 2011

"Five teams from departments, i.e. one working group per department, were taken on to draw up tourism development plans for a total of 15 pilot municipalities"
El Salvador

In the north-east, El Salvador has a 342 km border with Honduras, to the west and north-west a 203 km border with Guatemala and in the south it has 307 km of Pacific ocean coast. It is the smallest and the most densely populated of the Central American states. It is also the only one without access to the Caribbean Sea. El Salvador is made up of a central plateau dotted with river valleys, extending between two volcanic mountain chains running from east to west. A narrow coastal strip, no wider than 24 km, borders the Pacific. Mountains dominate the north-west and the plateau has an average altitude of approximately 600 m. Earthquakes and volcanic eruptions are frequent.

El Salvador has a tropical climate, with a dry season (November to April) and a rainy season (May to October). Depending on the altitude, there are hot regions, up to 800 m, temperate regions, up to 1 800 m and, beyond, cold regions. Average annual rainfall is 1 800 mm.

Over the last 15 years, El Salvador has succeeded in consolidating a stable macro-economic policy. Economic growth was 6% per year during the first half of the 1990s, with low inflation. This development, together with reforms in certain key social sectors, helped to significantly lower poverty indicators, improve the coverage of educational and health services and promote access by the population to basic services.

Despite this progress, major economic and social challenges remain to be tackled. Since 1996, the economy of El Salvador has begun to slow down, and this has resulted in a fall in annual GDP growth. The results of the efforts made to encourage economic development have been undermined by natural disasters – including two severe earthquakes and flooding caused by the Mitch and Stan cyclones – and the eruption of the volcano Ilopango.

Additional factors are a budget situation complicated by the financial burden of the pension system, the rise in oil prices and the fall in the price of coffee.

There has been significant progress in most of the economic and social indicators, placing the country 103rd out of 177 countries (2007/2008 United Nations Report on Human Development).

It is interesting to note that the percentage of the population living under the poverty threshold fell from 59.7% in 1992 to 37.2% in 2004, and that in 2005 the literacy rate for the population aged over 15 reached 80.6%. With regard to health, the infant mortality rate fell from 52 deaths per 1 000 live births between 1988 and 1993 to 32 deaths per 1 000 in 2003.

Some problems, nonetheless, still remain: inequalities in income distribution have apparently not lessened to any significant degree. According to a study carried out in 2004, 34.7% of total income was concentrated in the richest 10% of the population’s households, whereas the poorest 10% only received 1% of total income. The eradication of extreme poverty and hunger is therefore still a cause for great concern, particularly in the rural areas. In fact, far from having lessened, the gap between town and country is becoming more pronounced. Disparities between the genders, in so far as they are linked to this gap, are also increasing. Women living in rural areas are therefore at a double disadvantage.

It is in this context that President Saca’s government has begun to drive forward the “Safe Country Plan (Plan País Seguro) 2004-2009”. This plan includes measures designed to reinforce democratic institutions, improve security and transparency, invest in the training of human resources and promote sustainable economic growth. This development strategy forms a part of a package of macro-economic and social policies intended to increase and diversify opportunities and to improve the welfare of the country’s population, mainly in the poorest and most vulnerable sectors.

### Table: International Support

<table>
<thead>
<tr>
<th>Duration</th>
<th>Code</th>
<th>Title</th>
<th>Total budget EUR</th>
<th>Disbursed 2007</th>
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<tr>
<td>2001-2007</td>
<td>SVD/013</td>
<td>Primary Education in La Union</td>
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<td>5 242</td>
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<td>2002-2007</td>
<td>SVD/014</td>
<td>Primary Health Care Support in East Salvador</td>
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<td>351 381</td>
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<td>2005-2008</td>
<td>SVD/017</td>
<td>Water and Sanitation - Oriente</td>
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<td>2 069 487</td>
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<td>2006-2009</td>
<td>SVD/019</td>
<td>Institutional Support to ANDA to increase its Operatio-</td>
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<td>505 053</td>
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<td>2007-2011</td>
<td>SVD/021</td>
<td>Solidarity Network Support Programme</td>
<td>20 000 000</td>
<td>682 036</td>
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</table>
Provision of drinking water in rural areas in eastern El Salvador is highly inadequate, and supply is difficult because in many cases the only resource available is pumping from deep strata.

The investment required in this type of system is therefore quite high, and local funding is very often limited.

Luxembourg’s development cooperation responded to the request made by the national body responsible for water supply in El Salvador (ANDA) for the funding of three water supply systems in rural areas. In total, 12 communities benefit from project SVD/017. The project also includes a significant sanitation element, a social promotion element and institutional support for ANDA.

The beneficiary population is estimated to be 12,500 people. These populations are in a particularly critical situation with regard to the supply of drinking water as a result of their remoteness and difficult terrain. In the majority of the beneficiary communities, water used to be bought from private transporters for nearly four euros per cubic metre, equating to nearly two days’ work on the plantations.

Two systems are currently operational. The first, in the district of Usulután, comprises two communities (La Gracia and El Jícaro). In La Gracia the sanitation element covers the building of a sewerage and black water treatment system in this very densely populated community, because it was not possible for the terrain to accommodate a normal filtration system. The works called for a high degree of involvement by the beneficiaries and its operation is now independently managed. The second project was set up in the district of La Unión (communities of El Chapernal and Los Jiotes), in an area that is particularly problematic because of its hard soil and its proximity to a protected natural area. Special attention has been paid to the issue of sanitation and sensitization about hygiene and the sensible use of water.

The project is currently endeavouring to construct the third water supply system, in the district of San Miguel, a local area in San Jorge, in a mountainous region located between two volcanoes. Eight communities are participating actively in the works by contributing labour to the work of burying the pipelines. With 75 kilometres of distribution network, 16 kilometres of return pipes and a storage capacity of 865 m³ in six reservoirs, this is an ambitious project, which is generating considerable enthusiasm in the region.

The approach taken by the project to the organisation of work is based on ANDA progressively taking on responsibility for the structures and on the involvement of the communities in the management and operation of the service; this last point is particularly innovative and should make it possible to improve the approach traditionally taken by ANDA in administering the water supply in rural regions.

This cooperation strand is also endeavouring to support ANDA in the operation and maintenance of piped water supply systems, by improving the way it organises the storage of spare parts and materials and by training its technical personnel.

Finally, it is hoped that the project’s impact will substantially contribute to poverty reduction efforts and improve living conditions in the rural area of eastern El Salvador, involving both the national body responsible for the water supply sector and local communities.

Luxembourg contribution in 2007: 2,069,487 EUR
Duration: 2005 - 2008
Regional Office Ouagadougou

The regional office of Ouagadougou is a small structure which was set up at the beginning of 2003 as part of the agency’s decentralisation programme. Alongside the regional representative, a programme officer posted from headquarters, an administration and finance officer, a management assistant and a driver make up the team in Ouagadougou. In Niamey, the regional office has set up a small logistics unit that acts as a drop point during its regular missions. This pared-down system is in line with the current state of decentralisation, the volume of activity in the two countries covered (Burkina Faso and Niger) and the current nature of the agency’s pursuits. The regional office is involved in the management of all Lux-Development processes, whether they relate to core activities (formulation and execution) or support processes. It constitutes the link with local authorities as well as with technical partners. The regional office makes itself available to project teams, offering guidance, advice and support. Additionally, the Ouagadougou office is directly responsible for the management of certain projects which because of their small size or their implementation phase (closure), do not require the presence of a Project Management Unit. This proximity between the two strands of Luxembourg’s bilateral development cooperation has benefits in terms of circulation of information and coordination of operations.

The volume of disbursements for all projects implemented in Burkina Faso in 2007 amounted to 2 493 707 EUR. This level, which is relatively low for the objectives of a Luxembourg development cooperation privileged partner country, corresponds to a transition stage between two indicative cooperation programmes (ICPs). While the first ICP has seen the end of the majority of the projects, including the flagship project of the Ouagadougou Handicraft Village, the projects foreseen in ICP II are still for the most part at the identification stage. In fact, it was only in November 2007 that it was possible to hold the Partnership Commission in Luxembourg, at the close of which the ICP II (2008-2012) was signed. This new programme has a very significantly increased volume, corresponding to a tripling in budget, and defines two priority sectors – vocational training and the management of natural resources – as well as two sectors where current activities are being built on – blood transfusion and literacy.

The bilateral development cooperation programme in Burkina Faso is implemented within a stable political context, since, following the general elections held on 6 May 2007, few changes have occurred to shift the balance within the country. A ministerial reshuffle saw Mr Tertius Zongo appointed to the post of Prime Minister. President Blaise Compaoré again strengthened his regional influence and his international stature by succeeding where France, South Africa and the United Nations had failed. He actually convinced the participants in the Côte d’Ivoire crisis to sign and apply a peace agreement, due to the holding of presidential elections in 2008.

The total of disbursements for 2007 in Niger is 4 549 883 EUR, relating exclusively to the two projects making up the Dosso regional programme, as well as the last activities in the phase of disengagement, after 15 years, from DANI, the programme to support craftsmanship. The situation is comparable to that of Burkina Faso: the current development cooperation programme is in the process of ending, and it was not possible, at the Partnership Commission which was held on 26 and 27 July 2007 in Niamey, to finalise the new ICP which is therefore not expected to be signed until early 2008. The priority sectors relate to vocational training and rural development/support for decentralisation, while continuing the current activities in the Dosso region. As in the case of Burkina Faso, Lux-Development’s current programme is not yet in step with the declared ambitions of Luxembourg development cooperation. It is to be hoped that the efforts made by the Luxembourg Ministry of Foreign Affairs will lead to the signing of the second ICP (2008-2012) and to the issuing of mandates making it possible to formulate new projects in early 2008.

Great confusion remains in Niger with regard to the armed conflict between the Niger Armed Forces (FAN) and the Niger Movement for Justice (MMJ). Overall, it seems that dialogue has still not been established with a view to reaching a political settlement, and the crisis is becoming entrenched. Because of our positioning in the region and our implementation methods, the difficulties still present in Niger do not have too great an effect on the execution of our programme. However, the end of 2007 was marked by several worrying events: a thwarted attack on the Dosso fuel depot and the detonation of several mines by passing civilian vehicles in Tahoua, Maradi and Niamey.
Burkina Faso is a landlocked country in the Sahel, bordered by six other countries: Mali, Niger, Benin, Togo, Ghana and Ivory Coast. Because of its geographical situation, Burkina benefits from a tropical climate with two seasons: a dry season from March to June and a rainy season from July to October. Burkina Faso is made up of a Sahelian region in the north (approximately 400-600 mm rain over two to three months), a sub-Sahelian region located to the north in the north (approximately 400-600 mm rain over two to three months), a sub-Sahelian region located to the north in the north (approximately 400-600 mm rain over two to three months), and finally, a south-Sudanian region with between 1 000 and 1 300 mm of rainfall over the central part of the country and, finally, a south-Sudanian region with between 1 000 and 1 300 mm of rainfall over five months of the year. Thus, in crossing the country, we move from a countryside that is close to desert to wooded savannah and then fields of sugarcane.

Burkina Faso has a population as large as that of Mali, which is five times bigger in size. Its population is distinguished by great ethnic diversity and a high population density (38 residents per km). The main languages spoken are French (official language), Mòoré (language of the Mossis), Fulfulde (language of the Peuls), Dioula (the vehicular language of the west) and Gourmanchema (language of the Biguilimanceba of the east). Other demographic characteristics are similar to those of neighbouring countries: a low life expectancy, increasing slightly, a chiefly rural active population (90%) with low productivity, an extremely young population (59.4% aged below 20) with its corollary of rural exodus and migration, high but declining fertility and declining infant and maternal mortality.

In contrast to its neighbours, Burkina Faso has a slower rate of migration to the cities. Nevertheless, the rate worries the authorities, who are aware of the role of the rural community in guaranteeing food security. There is a low employment rate, giving rise to disguised unemployment in the absence of out-of-season production. City centres are more severely affected by unemployment than rural areas.

Burkina Faso’s economy is based on subsistence agriculture, which is highly dependent on rain and represents 35% of GDP. The grain most sold in Burkina Faso is maize. Cotton is the main cash crop, and in fact the country depends on it for exports. In the World Trade Organisation negotiations, Burkina Faso joined with the other poor cotton-producing countries to seek better access for cotton on industrialised markets. The industry remains dominated by uncompetitive state enterprises. Among other buoyant markets, the authorities plan to promote the fruit and vegetable sector, the mining sector, tourism and the public works sector, which is benefiting from the modernisation of the capital’s city centre. The industrial sector will continue to be supported by the major infra-structure works programmes funded by the state and donors. Mainly boosted by import-export and telecommunications, the tertiary sector, which is still mainly informal, accounted for almost 50% of GDP in 2005.

The difficult climatic conditions, the land-locked situation of the country, the low agricultural productivity, the fluctuation in grain prices and the non-functioning nature of the markets, together with soil impoverishment and the degradation of water resources, constitute the major barriers to economic growth and are the reasons that lie behind extreme poverty and food insecurity.

According to the United Nations, Burkina Faso is the third poorest country in the world. Since the early 1990s, poverty has only increased. A trend towards the impoverishment of urban populations can also be seen. With regard to the rural environment, there has been a relative stabilisation in the incidence of poverty. However, poverty remains a primarily rural phenomenon.

### Area

- **Area**: 274 200 km²
- **Population**: 14 326 210
- **Population growth rate**: 2.997%
- **Life expectancy at birth (years)**: 49.21
- **Literacy**: 21.8%
BKF/013
Support to the National Blood Transfusion Centre - Phase II

There is a high demand for blood transfusion in Burkina Faso. The main transfusion recipients are children, during severe bouts of malaria, and pregnant women when giving birth. Other transfusion needs are primarily connected with surgery. Project BKF/013, which is in its second phase, is a continuation of Luxembourg’s support in the field of blood transfusion in Burkina Faso. The first phase was begun in 2001 with the construction and fitting out of the National Blood Transfusion Centre and four regional blood transfusion centres (NBTCs), enabling the government of Burkina Faso to launch the implementation of its national transfusion policy, as well as the training of 22 transfusion professionals (doctors, pharmacists, laboratory technicians and nurses) in France, Belgium and Tunisia.

With regard to the ambitious training programme for the centre’s medical and paramedical staff, this second phase began in 2006 with the departure of one doctor and two pharmacists from the NBTC to pursue additional university studies in France and Belgium specialising in the field of blood transfusion.

The expected results of the project relate to the strengthening of the partnerships between the NBTC and other health structures at the national level, the training of health workers, the purchase of equipment and improved organisation of the national centre and the regional centres. In addition, technical support has been supplied for the preparation of two targeted action plans to improve the performance of the centres. This includes drawing up quantitative and qualitative methods to evaluate the gap between demands and needs, as well as the strengthening of haemovigilance.

The first training sessions on blood transfusion for the country’s health workers were organised by the NBTC in Ouagadougou and Bobo-Dioulasso and were funded by Luxembourg development cooperation as part of the project. The health workers who received this training were doctors prescribing blood transfusion, male and female nurses, laboratory technicians, some blood donors’ associations and selected teachers from educational establishments. In the long term, these training sessions will make it possible to increase the visibility of the NBTC’s activities and to put in place cooperation with other health stakeholders.

Various training courses for staff from the national centre have been organised and funded. They relate to the second class, made up of two doctors and two pharmacists (additional training courses at the university level) as well as three laboratory technicians and six nurses at the Tunisian NBTC. One-off short training sessions have been provided on transfusion infection security (Pasteur Institute, Paris), the maintenance and management of the cold chain as well as the parameterisation of the system for computerised tracking of blood packs.

The investment programme has also continued during this first year of the project’s implementation, with the acquisition of equipment for the NBTC and the four NBTCs in order to improve their capacities to carry out their activities on the promotion of blood donation, mobile collection, preparation and storage of blood products and supply to regional hospital complexes. In order to support the promotion of donation, the main support given has been for the acquisition of pick-up vehicles, motorcycles, minibuses, generators, shelters for collection, PA equipment and computer equipment. The centres themselves have been supplied with specialised laboratory equipment such as refrigerated centrifuges, manual and semi-automatic plasma extraction presses, spectrophotometers, precision scales and portable and lab table tube sealers. The equipment for the cold chain includes icepaks, isothermal containers, temperature recorders and a software application for monitoring temperature surveillance systems.

Luxembourg contribution in 2007: 803 612 EUR
Duration: 2007 - 2009

"The centres themselves have been supplied with specialised laboratory equipment such as refrigerated centrifuges, manual and semi-automatic plasma extraction presses, spectrophotometers, precision scales and portable and lab table tube sealers"
Consolidation of Ouagadougou Handicrafts Village

Closing a development cooperation programme is not easy, especially when a partnership has been built up over a period of 10 years and has resulted in the creation of a flagship institution in a specific sector. Now, there is not a single tourist guide that does not mention the Ouagadougou Handicrafts Village, not a single tourist visits Ouagadougou without visiting the village, not a single international event is held without the participants being invited to the VAO, Village Artisanal de Ouagadougou.

The programme’s first phase was Luxembourg’s first bilateral development cooperation project in Burkina Faso (BKF/002). Implemented by Lux-Development and Burkina Faso’s Chamber of Commerce, Industry and Handicraft, it involved the construction and setting up of the handicraft village as a centre of promotion, excellence, creativity, production and sale of Burkinabé handicraft products. An assessment of the first phase, carried out in June 2002, showed that over 400 craftworkers were actually established at the site and were benefiting from the impact of the VAO on their activities. The assessment therefore concluded that the objectives of the first project had been achieved, but considered that the prerequisites for the structure’s viability and durability had not all been attained.

The current phase was therefore specifically and expressly designed to reinforce the technical, commercial, financial and institutional autonomy of the village. At the time of the final assessment of the project, carried out in the fourth quarter of 2007, the conclusion was that this multi-faceted autonomy had been achieved.

In financial terms, the project has helped to increase the village’s capacity through the construction of new workshops and, especially, support for a break-even position by providing a partial subsidy, gradually phased out, for operating costs. As a result of this support, in 2005 the handicraft village succeeded in funding its direct operating costs entirely from its own receipts. This means that a partial break-even has already been achieved, and could be consolidated if the VAO succeeds in maintaining a rigorous approach in its management and a strong commercial dynamic.

The institutional difficulties (legal status, tax arrangements, transfer of land and equipment) have, on the other hand, not yet been overcome. Various proposals have already been made on these points, but opinions are divided. In a context where technical and commercial autonomy have been achieved, it is clear that choosing the correct legal status, maintaining the dynamic approach of the management team through clear terms of employment providing incentives for staff, the organisation and continuing training of craftworkers and sound management and maintenance of infrastructure will be vital prerequisites for the viability of the VAO in the medium term.

The VAO “is a concrete, enduring and visible achievement” which provides revenue to the 481 craftworkers established there, together with a similar number of associated workers. Its impact on the handicraft sector is undeniable. Its knock-on effects on sectors such as tourism, hospitality and catering are evident.

Luxembourg’s investment in the Ouagadougou Handicraft Village enterprise demonstrates the relevance of the project approach when taking calculated risks, together with our technical partners on the ground and within the context of a public-private partnership, in order to create employment.

Luxembourg contribution in 2007: 97,506 EUR
Duration: 2002 - 2008

"Now, there is not a single tourist guide that does not mention the Ouagadougou Handicraft Village, not a single tourist visits Ouagadougou without visiting the village, not a single international event is held without the participants being invited to the village"
A huge landlocked country, surrounded by seven other countries (Algeria and Libya to the north, Mali and Burkina Faso to the west, Chad to the east and Benin and Nigeria to the south) and located between north Africa and sub-Saharan Africa, on which it is strongly dependent, both economically and politically. Niger possesses extremely hostile climate conditions, strong population pressure and weak social indicators. It has poor soil which is worsening as a result of desertification and deforestation and a fall in water-table levels. The impairment of the environment resulting from the growth in population, the high demand for resources and increasing pollution is so great that it could be declared a real national ecological crisis.

With a Saharan climate in the north and a Sahelian climate in the rest of the county, over two-thirds of Niger’s area is desert. Climate conditions, which have worsened over the last 30 years (decreasing rainfall that is becoming increasingly irregular) are undermining a primarily agricultural economy. The dry season extends from October to June and lack of water is one of the key constraints on economic and social development.

Food insecurity, which is also a result of locust attacks on food crops, is virtually chronic during lean periods (between June and September), giving rise to a significant increase in prices of products, and in itself causing annual inflation that can be considerable. The third large-scale census of the population and housing, published in 2003, confirms the key facts concerning Niger’s population: meteoric population growth, with the population increasing by a factor of five over 50 years, and the highest population growth rates and fertility rates in the world. As a result, the population is very young and is subject to runaway urbanisation. The geographical distribution of the population is very unequal, with 94% of the population located in the agricultural band in the south, whereas the enormous desert regions of the north are home to only 6% of the total population.

Population growth also tends to increase pressure on basic social services if not accompanied by an increase in per capita income. “In the absence of a strong family planning policy, all development efforts are liable to be absorbed by the population explosion” (UNDP).

Thus, the government must adopt a rigorous policy on population and reproductive health if it wishes to attain the extremely ambitious objectives it has set itself, i.e. to halve the fertility rate (from 8% to 4% between 2000 and 2015) and to raise life expectancy by 14 years by 2015.

The structure of the economy changed very little between 1990 and 2002. In 2002, the primary sector (agriculture) represented almost 38.1% of GDP as against 39.2% in 1990; the secondary sector (industry and manufacturing) represented 14.9% in 2002 as against 17.7% in 1990; finally, the tertiary sector (services), dominated by shopkeeping and the informal sector, represented 47% in 2002 as against 43.2% in 1990.

Over 80% of the active population derives its subsistence from agropastoral resources. The rate of growth in the GDP over the last 30 years has been practically non-existent (0.3%). However, since 2001 it has been positive (5.8% in 2001 and 2002). Because of climate fluctuations, locust invasions and the volatility and insufficiency of external aid, GDP has only grown by an average of 3.6% over the 2002-2005 period, compared with an expected target of 4%. In fact, Niger’s poverty reduction strategy relies on a growth scenario of 4%. After erratic growth and stagnation in economic activity, the rate of growth of GDP rose to 7.9% in 2005 thanks to favourable climate conditions, the economic and financial reforms and the expenditure on infrastructure linked to privatisation in the water and telecommunications sectors.

Niger is much poorer today than it was 30 years ago. Within a context of insufficient resources, increasing needs and vulnerability to external shocks, the government is making considerable efforts to combat poverty.
Agriculture and Rural Development

Ng/015
"Dosso Ma Za’a da" Project – Local Development Project for Dosso

Since 2005, the project for the support of territorial development in the department of Dosso (Dosso Ma Za’a da) has become a true partner of the department and of the region of Dosso. It acts in concert with the other stakeholders (beneficiary populations, local elected representatives, civil society, decentralised technical services) to tackle the many development challenges in Dosso.

The project is aligned with the national priorities, including the Development and Poverty Reduction Strategy, the Rural Development Strategy and Niger’s decentralisation policy. The aim of the project is to help to improve the quality of life and living conditions for those living in the department of Dosso. It involves the three strands of the rural development strategy, namely: improvement of access by rural populations to economic opportunities, risk prevention and the improvement of food security and sustainable management of natural resources. At the same time, the project works to reinforce the capacities of public bodies and rural civil society organisations.

The project’s actions are targeted within the department of Dosso, which covers an area of 8 730 km² and has a population of 418 210 residents, in 660 villages and hamlets.

The project reinforces commune development actions through drawing up and implementing commune development plans, the development of land security mechanisms and the creation of frameworks for stakeholder consultation as well as the development of decision-making tools (geographical information system). These development plans are actually planning and local development instruments. The land committees set up in each of the 11 communes in the department have made it possible to decentralise the system for valuing and managing natural resources and have also enabled secure rural land tenure (land registrations, land titles).

The project supports improved access for communes and the strengthening of their economic infrastructure through a philosophy of integration of departments and investment in the communes. The 143 km of roads built have made it possible to improve access for all the communes in Dosso, directly benefiting 104 620 residents in the 184 districts served. A total of approximately 20 939 residents (10 521 women) now have access to drinking water, with the construction of 47 concrete wells. The small-scale hydroagricultural facilities completed are of benefit to over 1 000 farmers (the majority of them women). Activities continue, with new construction projects, particularly featuring and small-scale water supply systems and rural infrastructure (markets, shops and technical premises for communes). These various investments have provided an opportunity to support the communes in their first steps acting as contracting authorities for the carrying out of rural infrastructure works.

To improve access by rural people to economic opportunities, and to develop the initiative and action capacities of local stakeholders, the project supports actions to diversify and to secure agroforestry-livestock holdings (nurseries and environmental actions, farmer field schools, input shops, market gardening), rural credit promotion and capacity building for producers and farmers’ organisations.

The project supports the communes in the development of sustainable management mechanisms for socio-economic infrastructure and natural resources. Public information, education and communication measures have been increased to ensure effective social mobilisation within the context of the construction, maintenance and sustainable management of the works established.

With regard to democratic governance, the various measures carried out have mobilised all the partners (local elected representatives, national technical services, village communities and civil society) around the commune, which is the central stakeholder for territorial development and decentralisation.

Many activities carried out directly benefit poor rural women, in particular the small-scale irrigation facilities put in place by groups mainly made up of women and access to micro credit and income-generating activities.

The actions carried out by the project offer real prospects for the rehabilitation and protection of the environment through an increase in biomass, the reduction of the detrimental effects of desertification, the sustainable management of natural resources and the reinforcement of local governance.

The consistency of the project’s objectives and actions with national strategies and their relevance to the specific context and the issue of developing the Dosso region can be seen in the way the fundamental needs of the populations are taken into consideration, producing obvious indications of satisfaction on the part of the beneficiaries.

Luxembourg contribution in 2007: 2 386 261 EUR
Duration: 2005 - 2009

"The project’s actions are targeted within the department of Dosso, which covers an area of 8 730 km² and has a population of 418 210 residents, in 660 villages and hamlets"
Artistic expression workshop of the Therapeutic Community for drug addicts in Praia.
Regional Office - Praia

After more than 20 years of development cooperation and in close concert with its client, the Luxembourg Ministry of Foreign Affairs, Lux-Development opened its regional office in Praia in 2003 as part of its decentralisation strategy. Alongside the regional representative, a local area project officer, an administrative and financial official, a secretarial assistant and a driver make up the team in Praia. Until 2006, the regional office covered both Senegal and Cape Verde, but with the increase in aid volumes, it has been necessary to open an additional regional office in Dakar. This pared-down system is in the process of growing, with the gradual and inevitable implementation of decentralisation, since the volume of activity has increased gradually over the years. In this context, there is a plan for additional staff for 2008 through the posting of a person from headquarters to fill the post of programme officer. The Praia office plays a role in the management of all the Lux-Development processes relating to the formulation and implementation of projects. It constitutes the link with the local authorities as well as with the technical partners. The regional office also provides support, advice and guidance to the project teams, while endeavouring to grant them as much autonomy as possible. Additionally, the Praia office has taken on direct responsibility for the management of certain projects which, because of their small size, their nature (contracts for works and supplies) or their implementation phase (closure), did not require the presence of a Project Management Unit. Since November 2006 the regional office has been sharing appropriate premises, right in the historical centre, with the Luxembourg development cooperation mission (Foreign Affairs). This proximity between the two strands of Luxembourg’s development cooperation has markedly benefited the circulation of information and coordination of operations.

The amount of disbursements for all projects implemented in Cape Verde rose in 2007 to 9,472,614 EUR. This amount places Cape Verde as one of the top recipients among the privileged partner countries of Luxembourg development aid. Cape Verde’s first indicative cooperation programme (ICP) described the 2002-2005 period. This indicative programme, funded with an amount of 33.5 million EUR, has been fully completed, whereas the second ICP, covering the 2006-2010 period, funded with 45 million EUR, is currently at the implementation stage. The stage of formulating projects financed within the framework of the second ICP was completed in 2007. Aside from the introduction of a study fund, equivalent to 1% of the overall budget, for the improvement of the identification of future projects, the areas of action have remained the same, namely education/vocational training (including hospitality and tourism), health, water and sanitation and food aid.

The bilateral development cooperation programme in Cape Verde is being implemented within a stable political context, helped by a rapidly growing economy and Cape Verde’s joining of the World Trade Organisation. In the course of 2007 the country signed a special partnership agreement with the European Union, which should help it to consolidate its foundations in order to come closer to European standards. The stable macro-economic framework and economic growth over the past few years have enabled it to join the club of countries with a medium degree of development; even though the gap between rich and poor is widening. While it is true that the country is producing well-regarded figures, which have earned it 102nd place in the Index of Human Development classification, efforts still need to be made with regard to combating poverty and on basic infrastructure. The country is relying above all on an upswing in the tourism sector and the completion of infrastructure in the transport sector, which is giving rise to an increase in external debt.

Local (commune) elections are due in 2008, which might lead to future changes in the make-up of the government, if the opposition wins a majority of communes. Towards the end of 2007, Lux-Development received formulation mandates for two new endeavours in the Cape Verde - Luxembourg development cooperation. As such, two studies are programmed for 2008, financed by ICP II and its study fund, which was put in place for that purpose.
Cape Verde

Cape Verde, 500 km to the west of Senegal in the Atlantic ocean, is an archipelago made up of 10 main islands and some islets. The islands are: Santo Antão, São Vicente, Santa Luzia, São Nicolau, Sal, Boa Vista, Maio, Santiago, Fogo and Brava. Sal, Boa Vista and Maio are fairly flat while the other islands are very hilly, with deep valleys and mountainous ground.

The dry sub-Saharan climate of Cape Verde gives rise to an average rainfall of 230 mm/year, very irregularly distributed both geographically and in terms of time, an irregularity which is aggravated by an increasing incidence of dry periods extending over several years. This dry tropical climate is characterised by a wet season from August to October and an average annual temperature of 25°C.

With its rocky terrain and its Sahelian climate, Cape Verde suffers from chronic food insecurity. The persistent droughts, the poor arable soils and the increase in population resulting from a relative fall in emigration and a high rate of population growth are creating a food emergency.

In the teeth of the lack of natural resources, particularly water, its exposure to the cycle of Sahelian droughts, the obstacles to the development of trade and communications that are the result of its island isolation and its status as an archipelago and the limited size of its domestic market, the country owes its survival and, most of all, its food security to remittances from the sizeable Cape Verde community abroad and to international aid.

Cape Verde has a population of approximately 500,000 residents (2005), unevenly distributed across nine islands. The population of Cape Verde has been in demographic transition since the 1980s, with a fall in fertility and the number of births, a drop in mortality and an increase in life expectancy. The improvement in life expectancy has been slow, occurring following a period of very high fertility. The population of Cape Verde is aging, and the share of the population aged over 65 now make up 6.25% of the population. The two main sectors of the Cape Verde economy are tourism and fisheries. Revenue from tourism rose from 3% of GDP in 1997 to 10.4% of GDP in 2005. The dynamism of this sector has a knock-on effect on services such as hospitality, catering, transport, communications and financial services which are growing fast. The opening of the international airport in Praia in 2006 is also expected to give a new boost to tourism and fisheries.

In spite of its successes, the Cape Verde economy remains highly vulnerable, with high levels of poverty. Poverty is widespread in rural areas, where it rose from 46.8% in 1989 to 55.1% in 2002. The majority of the poor are farmers or fishermen. There are also many poor people among workers in the retail and construction sectors. In addition, the lack of resources is combined with a system of land ownership that privileges land owners. Poor farmers therefore depend on small, highly divided holdings. Finally, poverty is more prevalent in households headed by a woman.

A worrying contradiction can also be seen with, on the one hand, economic growth and successes in terms of meeting the Millennium Development Goals and access to social services, and, on the other, an increase in absolute poverty, income inequality, inequality between rural and urban populations and between islands involved in tourism and islands which are predominantly agricultural.

All this should be seen within a context of dependence on external aid, remittances from emigrants and revenue from tourism.

### Key Indicators

- **Real GDP per capita**: has seen one of the most vigorous increases in the sub-Saharan countries, rising from 902 USD in 1990 to 2,163 USD in 2005, which is one of the highest in Africa.
- **Life expectancy**: 71.02 years.
- **Population growth rate**: 0.606%.
- **Literacy**: 76.6%.
- **Area**: 4,033 km².
- **Population**: 423,615.

### Development Projects

- **2007-2009 CVE/071** Support to Vocational Training
  - Total budget: 12,540,000 CVE
  - Disbursed: 76,754

### Government expenditure

- **2004-2005** Support to Vocational Training
  - Total budget: 4,178,000 CVE
  - Disbursed: 31,307

### Key Documents

- **2002-2008 CVE/049** Tarrafal Market
  - Total budget: 1,488,000 CVE
  - Disbursed: 12,511

### Revenue from tourism

- **2002-2008** Revenue from tourism rose from 3% of GDP in 1997 to 10.4% of GDP in 2005. The dynamism of this sector has a knock-on effect on services such as hospitality, catering, transport, communications and financial services which are growing fast. The opening of the international airport in Praia in 2006 is also expected to give a new boost to tourism and fisheries.

### Key Reforms

- **2007-2010 CVE/067** Food Aid 2006 - 2010
  - Total budget: 5,000,000 CVE
  - Disbursed: 1,978,677

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*Cape Verde - Land of the Sun*
Support to the Regional Health Development Plan of Santiago Nord

For some years, the planning of health measures and the method of funding health have constituted two complementary priority spheres of action in Cape Verde.

In 1998, the Cape Verde government adopted the health map, in which the health region covers several health missions and a regional hospital. The funding of health has become a major focus for health officials, together with both local and international partners.

Thus, since 2004, Luxembourg has been supporting the Ministry of Health in its efforts to define and put in place the Santiago North Health Region. The project is focusing its action in this pilot region, adopting a pragmatic approach based on regular monitoring of the impact of reforms.

Cape Verde’s health indicators are among the best in the African continent, but those of Santiago Nord are among the worst in the country.

Faced with the need for health sector investments in this region, the strategic action paper by Luxembourg development cooperation identified this region as a priority area for aid support.

In the north of the island of Santiago, economic and environmental factors account for much of the mortality experienced. In addition to these factors, there is also a lack of care available, limited accessibility and the difficulty of ensuring continuity in responsibility for health issues. The region has a third of the number of doctors and half the number of nurses per capita as compared with the country’s average. The regional hospital is acting as a basic, primary contact health structure rather than as a proper regional referral hospital.

Additionally, in this region the number of people covered by the national social welfare body is still relatively low. Since cost recovery is very low, the funding of health organisations primarily relies on the decentralised budget of the Ministry of Health, which does not cover all needs. The health missions do not have the tools to obtain adequate funds, distributed in an efficient manner. Finally, there is a high number of needy people and the municipalities that should take responsibility for them cannot always do so in a fair, efficient and economic manner.

The structural shortcomings of the system are mainly the result of a lack of regional coordination of health services and the weakness of the primary health care training system.

The Santiago North Health Region was created in 2007. A director was appointed, and received training in Brazil. A health administrator and a statistician have been posted there in addition to the line manager, to carry out regional work in a team in order to achieve the goals. Primary care has become more accessible, continuous and better organised.

The health centres and health missions of Calheta Sao Miguel have been built and equipped. Four basic health units have been converted into health points, and two new health points have been built. The Santa Catarina centre has been established, and the health mission has been renovated. All these health facilities have also been equipped with furniture and adapted medical equipment. The funding of the health system has been improved, particularly to ensure the supply of medicines and maintenance in a sustainable, efficient manner.

Financial and accounting management tools were introduced and health personnel trained in their use. Monitoring and supervision takes place on a regular basis. In addition, differentiated care and the referral system have been strengthened and rationalised in the Santiago North Health Region. The construction of the regional hospital has been completed and equipment and materials have been supplied by the project. The hospital was officially opened on 14 January 2008.

In general terms, the project includes a significant human resources strand with training and courses on specialisations (abroad and in Cape Verde) in the fields of public health and health facility management.

Nationally, there is a monitoring committee with the role of facilitating the implementation of real institutional and financial reforms that will ensure that this pilot experiment can be sustainable and can be rolled out to other areas.

Luxembourg contribution in 2007: 3 134 422 EUR
Duration: 2004 - 2008

"Cape Verde’s health indicators are among the best in the African continent, but those of Santiago Nord are among the worst in the country"
Support to the National Plan to Promote Health in Schools

Despite the significant growth in recent years, Cape Verde is still highly vulnerable in economic and social terms, and which shows in the poverty of a large section of its population. The large part played by the informal economy, the lack of stable income, primarily in rural areas, and the high unemployment rate are indicative of the country’s poverty.

Poverty mainly affects rural areas, women and single-parent families. The latest statistical data show that 36.7% of the population are living in poverty, of which approximately 20% are living in extreme poverty.

In recent years, however, the reforms brought in in the education sector have had a significant impact on raising school attendance figures. Two of the major objectives achieved are an increase in access and higher numbers of children and young people remaining within education.

On school health, progress has been made, both in terms of nutrition and in terms of the health and hygiene of children in general. The aid programme for school meals, the school health project measures and other initiatives and actions at municipal and national levels have contributed to this.

Despite these advances, there are still some difficulties, which act as obstacles to the simultaneous taking of responsibility for the tasks of protection, health promotion and disease prevention. A lack of adequate resources (both physical and human), poverty and a low level of hygiene knowledge in the most vulnerable population group are factors influencing the health levels of the population.

Improving the health of children of school age is one of the objectives of the National School Health Programme (NSHP). School is also an excellent communication channel through which to teach values and behaviour, and to promote health, training and civic participation to the pupils.

Developing such a programme helps to reduce the high level of illness in the community as a whole, reduce social and gender inequalities, reduce health hazardous behaviour and improve learning via quality education.

The NSHP needs to define priority guidelines and actions in terms of school health for pupils at school from the preschool stage to the second stage of secondary school. The programme involves health promotion by informing and educating the population in general and children in particular, as well as disease prevention, through the process of routine checks and health screening.

The strategy for developing the NSHP takes into account guiding principles such as alignment with the government’s main programmes and integration into the activities of the National Health Service. It must adapt its activities to priority needs in accordance with local characteristics. In addition, institutional strengthening is necessary for the development of the key school health measures of the Ministry of Education and the Ministry of Health. The NSHP takes into account the complementarity of actions with the family and the community and the use of good practice that has already been developed.

The programme is aimed at the entire school population at the pre-school, primary and secondary stages, from the pupils (aged between three and 16, representing nearly a third of the Cape Verde population), educational staff, teachers, and education officials to professionals connected with health and education. The main sectors of activity will be health education, the detection and prevention of health problems, the school environment and the promotion of the development of proactive schools, which promote school health measures.

Across the board, the actions will give priority to the nutritional and food status of children, strengthening information provision measures, awareness-raising and specific measures aiming to remedy deficiencies, personal and dental hygiene, sexual and reproductive health as well as consumption of harmful substances: alcohol, tobacco and drugs.

Thus, the overall objective of the programme will be the improvement of the health of children, adolescents and young people through the promotion of health environments in schools, the reinforcement of their life skills and the development of health promotion and disease prevention activities.

 Luxembourg contribution in 2007: 192 766 EUR
Duration: 2006 - 2007

"School is also an excellent communication channel through which to teach values and behaviour, and to promote health, training and civic participation to the pupils"
The regional office in Windhoek was opened in 2003 as part of the decentralisation effort of the agency. It is a small structure headed by the regional representative and assisted by a financial and administrative officer, as well as an operations officer.

The role of the regional office is to participate in every aspect of the functioning of the agency and provide a bridge between headquarters, the projects and the national administration. Given that the Ministry of Foreign Affairs has officially announced the termination of its cooperation with Namibia by 2010, the last indicative cooperation programme (ICP 2007-2010), with a total of 22 million EUR was signed between the two governments. It is divided between mainly five bilateral projects executed by Lux-Development in urban development, rural development, governance, education, and water and sanitation.

The programme in Namibia is in an intermediary phase between two indicative cooperation programmes. Consequently quite a number of projects are about to be closed or have been terminated like the water and sanitation project in Kudus and the rural water project in Ohangwena.

In the framework of the project supporting the Mashare Agricultural Development Institute (MADI), the major result in the framework of the project supporting the Mashare and Otjozondjupa. project in Rundu and the rural water project in Omaheke or have been terminated like the water and sanitation project in Katima Mulilo. Consequently quite a number of projects are about to be closed or have been terminated like the water and sanitation project in Kudus and the rural water project in Ohangwena.

In the framework of the project supporting the Mashare Agricultural Development Institute (MADI), the major result of 2007 was the final legal establishment of the institute as an “association not for gain in terms of Section 21” whereby (i) confirming explicitly the institution’s primary purpose to promote any science, education, cultural, communal or social activity and/or group interest and at the same time (ii) offering limited liability to members and directors. This long awaited decision regarding MADI’s legal form of organisation - being a sine qua non towards sustainability - signals the project’s conclusion. The last project in the basic education sector will be closed after reception of the last library equipment. The project at the Katma Market and Craft Centre, which was scheduled to finish by the end of 2007, has been extended by two months. The two entities are now self-sufficient.

Two new projects entered the formulation phase, the Katma/Caprivi Regional Rural Water Decentralisation project and the Water and Sanitation project for Katma Mulilo. Whereas the first one encountered no major difficulties the second one was blocked by the Town Council signing an Intervention Agreement with Namwater, the bulk water supplier, effectively handing over the management of the financial aspects of water revenue to this para-statal, in order to refund outstanding debts. This and several other issues need resolving before the formulation process may continue. The formulation mandate for the two remaining projects foreseen by the bilateral part of the ICP, “Support to Vocational Training” and “GIS and Statistics Development in Namibia”, were received at the end of 2007.

2007 was a difficult year for Namibia. From a political point of view, the most noteworthy happening was the SWAPO Party Congress. SWAPO was elected in 2004 with 75% of the votes and holds 55 of the 78 seats in parliament. Internal strife has resulted in the splitting up of the party in different new parties, the most important of which is the Rally for Democracy and Progress. This process has created a certain amount of distress in the party, which has resulted in a focusing of the government on party politics, demonstrations of loyalty and the identification of potential further defectors. This has created a feeling of crisis, increased the tension in the country and decreased the responsiveness of government to development issues.

The shortage of electricity in South Africa has two major consequences: firstly, the cutting of electrical supply to Namibia from the end of 2007 and, secondly, a serious pressure on the South African economic growth to which the Namibian one is intrinsically linked.
Namibia

Namibia is situated in the southwest of the African continent, with 1,572 km of South Atlantic coastline, and is crossed exactly at its centre by the Tropic of Capricorn. It has three major physical environments: the Namib desert, making up its coastal area, bathed in the cold Benguela current and covering a fifth of its total area; the central plateau, at an altitude of between 1,000 and 2,000 m, which covers half of the country; and the eastern part, which merges with the western edge of the Kalahari desert. The Caprivi strip is a 105 km-wide strip of land jutting out 480 km to the northeast of the country. Bordered to the south by the Republic of South Africa, to the west by Botswana, Namibia shares its longest border, in the northwest, with Angola and its shortest, in the northeast, with Zambia. The country’s far northeastern tip mirrors the far northwestern tip of Zimbabwe. Vegetation is practically non-existent on the coast, but is dense in the north and tropical arid or semi-desert in the rest of the country.

Semi-arid and dry subtropical, with a short rainy season from mid-December to the end of February, the climate has several geographical variations. The Namib desert, exposed to winds throughout the year, has very large temperature variations. The climate of the central plateau, rather moderate in winter (June to August) with, however, very cold nights, has relatively humid and warm summers. The north of the country, subropical, has the maximum rainfall (600-700 mm annually). In Windhoek: during the day, temperatures range between 6°C and 20°C in winter and between 17°C and 35°C in summer (December-February). Average annual rainfall is 350 mm.

In 2003, the population of Namibia was estimated at two million inhabitants. Ovambos (51%), then Kavangos, Hereros, Damaras, Caprivians, Namas and San-Bochimans together make up nearly 90% of the population. Mixed-race and whites each make up 5.5% respectively.

The economy is very dependent on South Africa (RSA); there is a customs union (SACU), the majority of imports are from the RSA (85%) and the Namibian dollar is tied to the South African rand. It is also dependent on its climatic uncertainties and the fluctuations in the global market prices of its natural resources (diamonds, uranium, agricultural products and fishing).

The average annual growth rate of its GDP has been over 3% since 1990 (6% in 2004, 3.9% in 2005), but a third of the population is unemployed. National debt stands at a third of GDP (5% for external debt). The economic policy of the government is orientated towards the development of the private sector and private infrastructures, which require major investments in maintenance and modernisation.

The government is confronted with large social inequalities, aggravated by a very high rate of HIV/AIDS infection of 22% (UNAIDS). The pandemic has reduced life expectancy at birth from 61 to 41 between 1991 and 2005.

Agriculture is the occupation of almost half of the active population, even though it contributes only 5% of GDP – 10% in better years of agricultural production.

Food security remains a major problem in Namibia: in recent years, up to a third of the population received food aid distributed by humanitarian aid organisations. 34.09% of Namibians live on less than one dollar per day.
Essentially GIS aims at giving a special dimension to information. This very simply means that it is easier for us to look at a map of our country with the population written over each city, rather than seeing a list of cities followed by population numbers. On the other hand it supports Namibia’s efforts at decentralisation, through the creation of a regional information centre in each of the 13 regions, to assist the regional (and even municipal and local) authorities in the collection, visualisation, analysis and use of data. This will allow the regions to have a much better look at access to health and education, as well as the most basic of commodities: drinking water.

GIS III will be followed by GIS IV, which will aim at assisting the Central Bureau of Statistics in becoming an independent organisation and ensuring the long term sustainability of the Regional Information Centres.

Luxembourg contribution in 2007: 517 271 EUR
Duration: 2006 - 2010

"An increasing number of poor people leave their village to live in 'informal settlements'"

Luxembourg contribution in 2007: 599 622 EUR
Duration: 2005 - 2008

"Essentially GIS aims at giving a special dimension to information"
1. HIGHLIGHTS IN 2007

1.1. NEW GOVERNING BOARD
With effect from 1 January 2007, the Board of Directors appointed Mr Gaston Schwartz to the post of Managing Director of Lux-Development, replacing Mr Raymond Weber, who had resigned.
At the same time, the Board of Directors appointed Mr Robert de Waha to the new post of Deputy Managing Director.
At its meeting held on 28 February 2007, the Board of Directors appointed Mr Geert de Bruycker as new Director of Operations. Mr de Bruycker commenced his duties on 1 January 2008.

1.2. REINFORCEMENT OF THE REGIONAL OFFICES
Throughout 2007, the Agency has continued to reinforce the six regional offices in order to increase the effectiveness of the implementation of their programmes and projects.
Thus, the Agency reinforced the offices in Hanoi, Ouagadougou and Dakar with programme officers.
These postings were carried out at the same time as the move of staff from the regional offices of Hanoi, Praia and Windhoek to new offices – now shared with the delegations of the Ministry of Foreign Affairs.

1.3. VARIOUS QUALITY STUDIES AND QUALITY POLICY (ISO 9001-2000 CERTIFICATION)
In 2007, the Agency embarked upon two important studies with the goal of improving the quality and effectiveness of its activities. Firstly, management launched a broad internal consultation with a view to reorganising the departments at head office, on the one hand, and redefining the relations between head office and the regional offices and projects on the other. The working group set up to look into this issue was supported by an external facilitator. It is expected that the working group’s conclusions will be discussed and adopted by the Executive Committee and then submitted to the Board of Directors in April 2008.
Secondly, in 2007 the company consulted KPMG for advice on the overhaul of audit and control procedures for projects and programmes. New audit and control procedures will apply as of 1 January 2008 for the 2008 financial year.
Finally, pursuant to Article 25.2 of the agreement between the Agency and the state, “the Agency’s wage bill must not exceed the wage bill of state employees with similar qualification levels”, the Ministry of the Civil Service carried out a comparative analysis of all the Agency’s staff costs. This showed that the Agency remains approximately 10% below the comparative cost.

1.4. THE AGENCY’S CORE ACTIVITIES
• With regard to the formulation process, the total budget of the project documents submitted in 2007 amounts to 133.1 million EUR, corresponding to a 109% increase as compared with 2006 (63.7 million EUR).
• With regard to the execution process, the rate of completion of programming increased significantly as compared with 2006, rising from 75% to 81%, despite an unfavourable context (financial volume of projects at the formulation stage very high, and a rather sparse portfolio of projects at the execution stage). 2008 will undoubtedly be a year of transition, with the launch of actions formulated in 2007 and an increase in the funds allocation made to the Agency.
• With regard to support processes (human resources, procurement, IT and finance), various schemes were started in 2007, the impact of which will begin to be fully felt from 2008.

2. INCOME
2.1. GROSS INCOME
As of 2006, the Agency is no longer remunerated in line with disbursements made, but on the basis of a budget approved annually by the Board of Directors, as defined in the memorandum of understanding of 8 November 2006 signed by the state of the Grand Duchy of Luxembourg and Lux-Development.

For the 2007 financial year, the Board of Directors thus approved a budget of 7 586 931 EUR excluding VAT for the Agency. As at 31 December 2007, the Agency had called upon 6 872 977 EUR, amounting to 713 954 EUR or 9.41% less than the allocated budget.
In addition, the Agency received the following fees for the execution of various projects funded by sources other than the Development Cooperation Fund (DCF):
CVE/060 – Improvement of reception and treatment facilities for drug addicts: 9.5% of 155 137 EUR, i.e. 14 738 EUR;
AFR/016 – Development Education: Histories of Africa: a fixed fee of 1 733 EUR;
LAO/412 – Support for community initiatives in Oudomxay: 7% of 305 678 EUR, i.e. 21 398 EUR;
MLI/006 – Literacy in Missabougou, Mali: a fixed fee of 22 866 EUR.

The Agency’s total gross income for the 2007 financial year is therefore 6 933 712 EUR, representing an increase of 1.7% as compared with 2006 (6 815 094 EUR).

2.2. OTHER OPERATING INCOME
In 2007, the Agency made Agency employees available to programmes and projects, managed on behalf of the
state, and for this provision a total amount of 360 947 EUR (416 441 EUR in 2006) was invoiced to the programmes and projects involved.

As part of the implementation of its junior technical assistants (JTAs) programme, the Ministry of Foreign Affairs has entrusted the Agency with the management of the interns selected. The management costs for these interns have been invoiced to the Ministry at actual cost, totalling 243 062 EUR (262 005 EUR in 2006).

In addition, the Agency has recorded various other revenue items of a smaller size totalling 42 751 EUR (26 445 EUR in 2006), mainly made up of a recruitment subsidy from the Employment Fund for recruiting elderly unemployed persons (22 344 EUR), various reinvoicings (6 025 EUR), disposals of assets (11 200 EUR) and reimbursements of VAT (1 182 EUR).

The Agency’s total other operating income for the 2007 financial year is therefore 646 760 EUR.

2.3. CONSORTIA

Since 2001, the Agency has been the lead institution for two consortia acting on behalf of the European Union.

One project is a project to support basic education in Morocco, which is managed by the Moroccan Ministry of State Education and for which the consortium makes experts available, and the other is a regional assistance project for the monitoring of the fishing waters of the SADC (Southern African Development Community) in southern Africa.

Technical assistance invoiced to the European Union in 2007 amounts to 260 280 EUR for the project in Morocco and 54 383 EUR for the project in southern Africa, totalling 314 663 EUR.

The revenue earned for these two consortia in 2007 is 190 680 EUR for the project in Morocco and 5 991 EUR for the project in southern Africa.

The Agency’s total consortia income in 2007 is therefore 196 671 EUR.

2.4. INTEREST

The Agency received interest from banking establishments in 2007 amounting to 64 037 EUR (39 269 EUR in 2006).

3. EXPENDITURE

3.1. GROSS EXPENDITURE

Since the 2005 financial year, the regional offices’ operating expenditure has been subsumed in the Agency’s gross expenditure under the relevant categories.

Amongst the gross expenditure there are three items which represent more than 65% of the total:

- Rent of the head office and the regional offices, amounting to 796 962 EUR (767 915 EUR in 2006);
- Travel costs, amounting to 277 151 EUR (300 782 EUR in 2006);
- Fees, amounting to 214 996 EUR (239 839 EUR in 2006).

Other gross expenditure, amounting to 649 151 EUR (770 564 EUR in 2006), is mainly made up of charges for postal and express courier services, electricity and water costs, insurance, expenditure on postings abroad and expenditure on the annual report for 2007.

The Agency’s total gross expenditure for the 2007 financial year is therefore 1 938 260 EUR (2 079 100 EUR in 2006).

3.2. CONSORTIA

The precautionary principle from past years continues to be applied to the profit and loss brought forward for the two projects concerned, for which 100% provision has been made; this will continue to be the case until the projects are concluded. The provisions for expenditure for the 2007 financial year amount to 196 671 EUR (54 875 EUR in 2006). Lastly, the total provisions for risks and expenditure in connection with the consortia amounts to 595 077 EUR as of 31 December 2007.

3.3. STAFF

Staff costs in 2007 are made up of:

- Head office staff costs, amounting to 3 846 186 EUR (3 727 151 EUR in 2006);
- Regional office staff costs, amounting to 1 036 334 EUR (669 530 EUR in 2006);
- Costs of the supply of staff to programmes and projects, amounting to 360 947 EUR (416 441 EUR in 2006);
- Cost of interns (JTA programme), amounting to 243 062 EUR (262 005 EUR in 2006).

The Agency’s total staff costs for the 2007 financial year are therefore 5 486 529 EUR (5 075 127 EUR in 2006).
This variation has mainly been caused by:
- The increase in full-time equivalent employees at head office due to returns from part-time parental leave and returns from unpaid leave;
- Reinforcement of staff in our regional offices;
- Salary increases based on the two-yearly wage increase system.

Table 1: changes in staff numbers

<table>
<thead>
<tr>
<th>Staff</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>On 1 January</td>
<td>53</td>
<td>67</td>
<td>63</td>
<td>64</td>
<td>72</td>
<td>70</td>
</tr>
<tr>
<td>On 31 December</td>
<td>67</td>
<td>62</td>
<td>67</td>
<td>73</td>
<td>71</td>
<td>77</td>
</tr>
<tr>
<td>Work months</td>
<td>686</td>
<td>785</td>
<td>783</td>
<td>773</td>
<td>804</td>
<td>843</td>
</tr>
</tbody>
</table>

Table 2: Staff distribution

As at 31 December 2007, staff were distributed as follows:

<table>
<thead>
<tr>
<th>HEAD OFFICE STAFF:</th>
<th>01.01.2007</th>
<th>31.12.2007</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governing Board</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>(NB: Administrative and financial department)</td>
<td>1</td>
<td>0</td>
<td>-1</td>
</tr>
<tr>
<td>Operations department</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Formulation department</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Communications</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Quality &amp; evaluation</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Formulation</td>
<td>5</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Business outside the agreement</td>
<td>4</td>
<td>1</td>
<td>-3</td>
</tr>
<tr>
<td>Human resources</td>
<td>4</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Operations</td>
<td>19</td>
<td>19</td>
<td>0</td>
</tr>
<tr>
<td>Procurement</td>
<td>6</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Accounts &amp; Finance</td>
<td>3</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Internal Auditing &amp; Control</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>IT</td>
<td>4</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Secretariat</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>REGIONAL OFFICE STAFF:</td>
<td>7</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>STAFF SUPPLIED:</td>
<td>2</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>INTERNS :</td>
<td>7</td>
<td>5</td>
<td>-2</td>
</tr>
<tr>
<td>TOTAL :</td>
<td>70</td>
<td>77</td>
<td>7</td>
</tr>
</tbody>
</table>

4. ASSETS

Tangible and intangible fixed assets decreased slightly in 2007, to 223 970 EUR (259 089 EUR in 2006). This decrease was mainly due to purchases of equipment for the operation of the regional offices in 2006.

The Agency’s receivables fell to 627 410 EUR as at 31 December 2007 (681 790 EUR in 2006), and were mainly made up of receivables owed to the two consortia (595 077 EUR) and project receivables (22 158 EUR). Funds to be received from the Employment Fund and the Ministry of Finance (7 826 EUR) as well as the VAT to be received from the Cape Verde government (2 349 EUR).

Other receivables increased to 214 860 EUR (152 248 EUR in 2006), and are mainly comprised of VAT owed by the Namibian state (162 015 EUR) and tax receivables (47 520 EUR).

The Agency’s cash at hand balance was 988 580 EUR as at 31 December 2007 (1 155 778 EUR in 2006). The decrease as compared to 2006 is mainly due to the reduction in bank balances of our regional offices (136 162 EUR in 2007 as against 354 907 EUR in 2006).

The asset adjustment account is 270 387 EUR as at 31 December 2007 (206 858 EUR in 2006). The main items are costs paid in advance for rent of the head office and regional offices.

As a result, total assets were 2 325 207 EUR as at 31 December 2007 (2 455 763 EUR in 2006).

5. LIABILITIES

Equity capital was 669 418 EUR as at 31 December 2007 (650 060 EUR in 2006). This increase is due to the integration of the profits of the 2006 financial year into the profit and loss brought forward.

Provisions for risks and expenditure were 763 668 EUR as at 31 December 2007 (585 672 EUR in 2006). This amount is mainly made up of provisions made in relation to the two consortia (see paragraphs 2.3 and 3.2).

The Agency’s debts falling due within one year were 857 935 EUR as at 31 December 2007 (1 153 245 EUR in 2006). This decrease is mainly due to the earlier payment to our suppliers before the end of the year.

The liability adjustment account “Deferred revenue” balance stands at 34 186 EUR as at 31 December 2007 (66 787 EUR in 2006). This accounts concerns fees paid in advance for the performance of projects funded by sources other than the Development Cooperation Fund.

As a result, total liabilities were 2 325 207 EUR as at 31 December 2007 (2 455 763 EUR in 2006).

Luxembourg, 30 April 2008
Board of Directors
Balance Sheet as at 31 December 2007
expressed in EUR

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2007 (EUR)</th>
<th>2006 (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIXED ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>428</td>
<td>1,105</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>223,542</td>
<td>257,984</td>
</tr>
<tr>
<td>TOTAL FIXED ASSETS</td>
<td>223,970</td>
<td>259,089</td>
</tr>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Receivables resulting from sales and provision of services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Due date less than 1 year</td>
<td>627,410</td>
<td>681,790</td>
</tr>
<tr>
<td>- Due date greater than 1 year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Other receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Due date less than 1 year</td>
<td>214,860</td>
<td>152,248</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Agency funds</td>
<td>852,418</td>
<td>800,871</td>
</tr>
<tr>
<td>- Regional offices funds</td>
<td>136,162</td>
<td>354,907</td>
</tr>
<tr>
<td>988,580</td>
<td>1,155,778</td>
<td></td>
</tr>
<tr>
<td>TOTAL CURRENT ASSETS</td>
<td>1,830,850</td>
<td>1,989,816</td>
</tr>
<tr>
<td>ACCRUALS AND DEFERRED INCOME</td>
<td>270,387</td>
<td>206,858</td>
</tr>
<tr>
<td>ASSETS TOTAL</td>
<td>2,325,207</td>
<td>2,455,763</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2007 (EUR)</th>
<th>2006 (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPITAL AND RESERVES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscribed capital</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Legal reserve</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Special reserve</td>
<td>38,000</td>
<td>38,000</td>
</tr>
<tr>
<td>Profit or loss brought forward</td>
<td>337,060</td>
<td>291,650</td>
</tr>
<tr>
<td>Profit or loss for the financial year</td>
<td>19,358</td>
<td>45,410</td>
</tr>
<tr>
<td>PROVISIONS FOR LIABILITIES AND CHARGES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions for taxation</td>
<td>669,418</td>
<td>650,060</td>
</tr>
<tr>
<td>Other provisions</td>
<td>763,668</td>
<td>557,178</td>
</tr>
<tr>
<td>TOTAL PROVISIONS</td>
<td>763,668</td>
<td>585,672</td>
</tr>
<tr>
<td>CREDITORS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade creditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Tax</td>
<td>180,156</td>
<td>313,748</td>
</tr>
<tr>
<td>- Social security</td>
<td>109,059</td>
<td>121,372</td>
</tr>
<tr>
<td>- Other amounts</td>
<td>164,228</td>
<td>168,130</td>
</tr>
<tr>
<td>- Re-conveyance to the Luxembourg state</td>
<td>177,430</td>
<td>181,638</td>
</tr>
<tr>
<td>- Amounts owed to the state and the projects</td>
<td>182,834</td>
<td>248,684</td>
</tr>
<tr>
<td>- Other</td>
<td>144,228</td>
<td>119,672</td>
</tr>
<tr>
<td>TOTAL CREDITORS</td>
<td>857,935</td>
<td>1,153,245</td>
</tr>
<tr>
<td>ACCRUALS AND DEFERRED LIABILITIES</td>
<td>34,187</td>
<td>66,787</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>2,325,207</td>
<td>2,455,763</td>
</tr>
</tbody>
</table>
## Profit and Loss Account

for the financial year ended on 31 December 2007 (expressed in euros)

### CHARGES

<table>
<thead>
<tr>
<th>Item</th>
<th>2007 (EUR)</th>
<th>2006 (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross expenditure</td>
<td>1,938,260</td>
<td>2,079,100</td>
</tr>
<tr>
<td>Re-conveyance to the Luxembourg state</td>
<td>77,430</td>
<td>181,638</td>
</tr>
<tr>
<td>Costs arising from temporary associations</td>
<td>196,671</td>
<td>54,875</td>
</tr>
<tr>
<td><strong>Staff costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Head office salaries</td>
<td>458,958</td>
<td>418,199</td>
</tr>
<tr>
<td>- Social security contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Social security contributions excluding pensions</td>
<td>143,858</td>
<td>132,495</td>
</tr>
<tr>
<td>• Social security contributions to cover pensions</td>
<td>334,533</td>
<td>314,755</td>
</tr>
<tr>
<td>- Local staff salaries</td>
<td>224,775</td>
<td>223,225</td>
</tr>
<tr>
<td>- Social security contributions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Other staff costs</td>
<td>193,777</td>
<td>220,453</td>
</tr>
<tr>
<td><strong>Value adjustments in respect of initial capital expenditure and tangible and intangible fixed assets</strong></td>
<td>548,652</td>
<td>507,127</td>
</tr>
<tr>
<td><strong>Interest payable and similar charges</strong></td>
<td>115,301</td>
<td>109,537</td>
</tr>
<tr>
<td><strong>Tax on profit or loss on ordinary activities</strong></td>
<td>24,996</td>
<td>48,191</td>
</tr>
<tr>
<td><strong>Other taxes not included in the above items</strong></td>
<td>13,776</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit for the financial year</strong></td>
<td>19,358</td>
<td>45,410</td>
</tr>
</tbody>
</table>

**TOTAL CHARGES** 7,872,321 7,618,417

### INCOME

<table>
<thead>
<tr>
<th>Item</th>
<th>2007 (EUR)</th>
<th>2006 (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net turnover</td>
<td>6,933,712</td>
<td>6,815,094</td>
</tr>
<tr>
<td>Other operating income</td>
<td>646,760</td>
<td>704,891</td>
</tr>
<tr>
<td>Income from consortia</td>
<td>196,671</td>
<td>66,125</td>
</tr>
<tr>
<td><strong>Other similar interest and income</strong></td>
<td></td>
<td>95,178</td>
</tr>
<tr>
<td><strong>Loss for the financial year</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**TOTAL INCOME** 7,872,321 7,618,417