SPECIAL FEATURE
Improving the Effectiveness of Development Aid

PHOTO REPORT
THEME: MY DEVELOPMENT

INTERVIEWS
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Obtaining sustainable results in development!

From 29 November to 1 December 2011 the 4th High Level Forum on Aid Effectiveness will be held in Busan, South Korea. This global event will enable decision-makers in both donor countries and developing countries to review the progress made in terms of effectiveness since Rome (2003), Paris (2005) and Accra (2008) and to build a new consensus on public aid and its particular role in the development process. This global meeting will be the last opportunity to confirm and flesh out the relevant commitments with a view to getting closer to achieving the millennium development goals, since it is now acknowledged that it will not be possible to meet them fully.

Of course, official development assistance (ODA) is not equivalent to development! It is recognised, however, that it can make a substantial contribution to it by acting as a catalyst. This observation is not intended to detract in any way from our responsibility to improve the quality of our organisations and their services. This effort to achieve quality and effectiveness is dependent upon our capacity to establish solid, balanced partnerships.

A challenge for all development cooperation operators

Since 2002 and the Monterrey Consensus on Financing for Development, followed by the first high level summit, in Rome, all the development partners have put significant efforts into increasing volumes and improving the effectiveness of aid. Acknowledging the poor record of 30 years of development cooperation, they first of all devoted their energies to promoting harmonisation between the donors. Then, through the Paris Declaration (2005), they made a serious attempt to address the other principles underlying aid effectiveness, in particular ownership and alignment.

Do more, and do it better! Those were the slogans of the first decade of the new century.

However, the financial crisis and the economic crisis came along. Restructurings and budget cuts multiplied. ‘Make do with less’ is liable to become the new frame of reference.

Fortunately, Luxembourg is continuing its ambitious commitment both in quantitative and qualitative terms. With ODA of 1.09% of gross national income, Luxembourg is
one of the five countries which have continued to exceed the target of 0.7% set by the United Nations. It leads the European Union Member States in this regard, and is second in the world to Norway (1.1%).

**LuxDev: adapting proactively to the challenges of the future**

Adapting!

Translating policy and strategic guidelines and the ambitions of Luxembourg development cooperation into practical results-oriented procedures.

Enabling our partners in the South to fulfil the tasks set for them by the state.

LuxDev has a good understanding of the specific challenges it must meet as an operational agency. By redefining its mission, focusing it on capacity-building, and by developing its 2012 Vision, the Agency has equipped itself with a clear frame of reference.

Our aspiration is for each partner organisation with which we have established an operational agreement to be able to report, at the end of the intervention, that not only have the results been achieved, but the organisation has come out of the experience improved: more effective, more successful, more competent!

Our new visual identity, which is 100% home-made, combines continuity and innovation. The symbol can be recognised at first glance and the changes made make it possible for the logo to find its place alongside those of our partners and our peer organisations. Our Agency wanted to reflect an affirmation of its identity in a short name that could be understood in all our working languages. By adopting the “LuxDev” brand, all we have done is to ratify the name that our partners in the field have long used for us.

Our 2010 annual report invites you to learn about the efforts made by LuxDev to make Luxembourg’s international commitments into a reality and to deal with complex situations by concluding many different, specially tailored partnerships. Our Agency has created and deployed various different procedures involving diverse, practical tools that allow us to give appropriate responses to our partners in the field.

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Gaston SCHWARTZ
Managing Director

Jeannot WARINGO
Chairman of the Board of Directors
IMPROVING THE EFFECTIVENESS OF DEVELOPMENT AID

LuxDev on the road to effectiveness

Rome (2003), Paris (2005), Accra (2008) and soon Busan (2011): it is a lengthy eight-year journey in search of effectiveness that LuxDev has undertaken, alongside all its counterparts in official development assistance. The idea that it was not only a case of making investments, but that we needed, above all, to work on capacity-building, is one that we had fully subscribed to and we had, moreover, already amended our mission statement, as a result, back in 2008. Our stated missions are now to strengthen institutions and organisations, equip them with skilled human resources and make available to them the financial and physical resources they need to be able to carry out for themselves the tasks assigned to them by their states.

It was still necessary for the Agency to equip itself with operational tools to carry out its new remits.

Paris Declaration (2005)

Five principles for improved effectiveness

The Paris Declaration contains five principles that are to guide the actions of donors and partners:

Ownership means that the partner countries exercise effective leadership over their development policies and strategies and coordinate development actions.

Alignment recommends that donors base their overall support on partner countries’ national development strategies, institutions and procedures.

Harmonisation aims for donors’ actions to be more harmonised, transparent and collectively effective.

Results-based management means that resources and decision-making are oriented towards obtaining results instead of on the implementation of inputs.

Mutual accountability specifies that donors and partner countries are jointly accountable for the development results achieved.

Progress indicators have been laid down for each of the five principles. They offer a framework for monitoring the responsibilities and reporting obligations that are set out in the Paris Declaration and they are regularly reviewed by the OECD’s Development Assistance Committee (DAC).
The Operational partnership agreements

When the possibility exists and where the expected effect on capacity-building is positive, LuxDev now systematically seeks to commission its partners to implement development actions. This approach means transferring some responsibilities imposed by the Luxembourg state upon the Agency to its partners. This transfer is achieved through the conclusion of operational partnership agreements (OPAs), which began, gradually, to be put in place as of 2009.

The OPA procedure is part of the family of methods for granting aid on the basis of delegated management within the project approach. Through transferring responsibility for the implementation of one or more aspects of projects to the partners in the intervention countries, the OPA pursues the objectives recommended by the Paris Declaration and the Accra Agenda for Action (AAA): building the capacities of partners, mutual accountability, the improvement of ownership of aid and the alignment of Luxembourg aid to partner countries’ procedures and systems.

This arrangement challenges LuxDev’s co-workers to find the right balance between delegating responsibilities to partners while retaining sufficient control to meet the obligations of accountability to its own principal, the Luxembourg state.

An OPA is put in place when certain minimum conditions are met, in particular to do with the legal status of the partner, its administrative and financial management capacity, its control, evaluation and quality management systems, etc. To that end, a prior study is carried out, which serves both to determine whether an OPA may be envisaged in that particular case and to identify the necessary support and control measures.

The dossier set out below illustrates the implementation of this arrangement, which, for Luxembourg development cooperation, represents a step towards the goal of complying with its international obligations on aid effectiveness, although it remains intrinsically linked to the project approach.

The Accra Agenda for Action (2008)

The three areas for improvement

Ownership by beneficiary countries. They must have more leadership over their development policies and involve their parliaments and citizens with them. Donors are asked to support them by investing in their human resources and their institutions, making greater use of national systems to deliver aid, and improve the predictability of aid flows.

More effective and inclusive partnerships. With the arrival of new development operators (middle-income countries, global funds, the private sector, civil society), more must be done to strengthen management and coordination.

Achieving results and communication. Citizens and taxpayers in every country expect the efforts made to produce tangible results. The positive impacts on people’s living conditions of the actions taken must be shown and the partners must mutually account for the results achieved.
The Coffee Route in Nicaragua: support for the national strategy and development of synergies

Project NIC/022 aims to encourage sustainable socio-economic development and to promote job creation, through support to the tourism sector in the northern region of Nicaragua (regional administrations of Nueva Segovia, Madriz, Estelí, Matagalpa and Jinotega).

Within the context of this project, LuxDev has signed an operational partnership agreement with INTUR, the purpose of which is to lay down and apply the national tourism policy.

Ms Aurora Acuña, Director of Tourism Services and the Protection of Tourists, INTUR

LuxDev has commissioned INTUR to deliver various significant elements, and in particular investments in public tourism infrastructure (amounting to 1.7 million USD, i.e. approximately 1.25 million EUR), loans to micro and small tourism enterprises (1.2 million USD) and human resources training (420 000 USD). In fact, 53% of the contribution from Luxembourg development cooperation has been spent within the framework of direct delegation to INTUR.

Setting up strategic alliances

INTUR, as a presiding entity, does not play a direct role in delivering projects, but is concerned with creating strategic alliances with organisations able to provide real added value to the work of the institutions. It is this goal which inspires INTUR to work together with the councils of 30 local communes on the delivery of public infrastructure such as parks, museums and tourism facilities in protected areas. In the same way, INTUR has signed a contract with an investment bank for the management of the loan fund for micro and small enterprises, as well as a very positive four-party contract (between INTUR, LuxDev, the national technology institute [INATEC] and the national hospitality college [ENAH]) for the training of staff for tourism enterprises.

Institutional reinforcement

The transfer of responsibilities to INTUR, not only by Luxembourg development cooperation but also by Spanish development cooperation and the Inter-American Development Bank, has made it necessary for us to rethink our institutional structure. Specifically, we have created a project management department so that we can coordinate the various different initiatives such as tourism routes. The department of tourism services and the department of planning have placed their activities on a more professional footing and expanded their scope. INTUR is gaining strength as a presiding entity and is thus developing its ability to coordinate. This is crucial for the future of Nicaragua. We do not want isolated, uncoordinated projects, but to promote a country-wide vision that makes it possible to develop a good national strategy.

In taking on the responsibilities of Director of Tourism Resources, I have focused my efforts in particular on a change of mentality: we needed to go beyond the idea of INTUR as implementing body to INTUR as facilitating body. We are facilitators and we must develop synergies that support our work plan, between national contributions and international funding. It is not delivery that matters so much as our capacity to create an overall framework that allows synergies. This is achieved through raising awareness and at the end of the day the whole technical team owns the new strategy. A textbook example is that of vocational training and the alliance between INTUR, INATEC and ENAH.
Projet CVE/071, “Support for the National Education and Vocational Training Programme” is a nationwide project with the aim of consolidating and structuring technical and vocational education and training in order to create training and employment opportunities to meet the needs of the employment market in Cape Verde.

LuxDev has signed five operational partnership agreements with the Vocational Education and Training Institute (IEFP). The main three agreements relate to the conduct of an impact study by IEFP, support for the system of First Job Grants*, and the campaign to promote technical vocational training.

Mr António Tavares, Administrative and Financial Director, and Ms Jussara Matos, Director of the Employment Department, IEFP

With the signing of the OPAs, the IEFP has taken on more autonomy in the management of funds, more responsibility in the implementation of activities, and greater ownership of the activities and results.

A major motivating force has been to have sufficiently extensive funds to be able not only to improve the institute’s services, but also to enjoy significant autonomy and independence in order to be able to carry out the planned activities.

An investment for the long term

In the short term, the OPAs are less effective than the project approach, because of the partner’s low level of management capacities. A project management unit could, in fact, implement the activities more quickly. However, in the long term, building national capacities and the skill acquired during the implementation of the OPAs makes it possible to increase the effectiveness of the institution and improve the sustainability of the system.

Signing the OPAs has led to a greater volume of work for IEFP and has necessitated hiring a significant number of people. This is due not only to the needs associated with the implementation of the instrument itself, but also to the growth in the volume of activity it has made possible, as in the case of the First Job Grants, which have increased by a factor of eight in three years: 573 grant beneficiaries found a training placement in 2010, of which 270 were able to join the employment market, whereas in 2008 there were only about 70 grant beneficiaries.

*First Job Grant Scheme

The ‘First Job’ Grant programme is aimed at young unemployed people who have had vocational training, and sets out to give them the opportunity to acquire their first professional experience in an enterprise following that training.
Programme to Support the Health Sector in Laos: OPAs have made it possible to put a real programme approach in place

Project LAO/017 aims to support the Lao Ministry of Health to implement the long-term sector strategy to deploy high-quality health services and to make them accessible to a larger section of the Lao population, particularly the poorest people, at-risk populations and those living in remote areas or areas that are difficult to access. The project operates centrally and in three provinces.

Within the framework of this project, LuxDev has signed five operational partnership agreements with the health services of the provinces of Khammouane, Bolikhamxay and Vientiane, and also with the National Centre of the Expanded Programme on Immunisation and the National Medical Supply Centre. It used the services of a team of external consultants to carry out the feasibility study and make preparations for the introduction of the OPAs.

Mr Thomas D’Agnes, Consultant

The introduction of the OPAs was the way in which a move was made from a project approach to a programme approach, in which the Lao partners have not only financial resources, but also programming and organisational resources, enabling them to implement the health sector policy.

In a preliminary stage, we carried out a feasibility study on the basis of the questionnaire drafted by the Agency’s head office. Next, we drafted the OPAs, each lasting for two years, using a programme approach which specifies the results to be achieved, the tasks to be carried out and the deliverables to be produced.

Reinforcing organisation and management

The feasibility study revealed needs in terms of reinforcing organisation and management. For example, in the local administrations’ health services, there was nobody clearly identified as having organisational authority. It was necessary to reorganise the structures so that responsibilities were taken on by the senior management. Similarly, monitoring and evaluation were inadequate and needed to be redefined.

Finally, financial management was too weak and the funds management system needed to be redesigned, complying with the three stages of paying advances, settlement and replenishment. These changes were carried out by mutual consent, both in the provinces and centrally.

The OPA system put in place by LuxDev could become a model for decentralised programme-based support, with regard to the mechanisms of financial flows to the provinces, training and capacity-building, and procedures. The competitive advantage of Luxembourg development cooperation is its great flexibility and capacity for innovation.
A participative methodology

The preparatory stage dealt with the translation and simplification of the LuxDev documentation on the OPAs. The health services in the three provinces were involved in a participative manner in the preliminary study which was carried out by the external consultant, facilitating an analysis of organisational shortcomings. A three-day workshop with the provinces involved made it possible to draft an agreement in principle on the main implications of the approach proposed to implement the OPAs, and on the respective responsibilities of the project and of each provincial health service (PHS). A roadmap was adopted: it was agreed that the PHSs should publish decrees to strengthen their organisation and the project supplied technical assistance to develop a financial management manual and accounting guidelines, and to train and provide support to users.

Some draft OPAs were discussed and amended by the PHSs and the final version was approved by LuxDev. The entire process took about nine months and the stakeholders hope that this long and arduous period of preparation will make it possible for implementation to be successful.
LuxDev’s approach: anticipation, adaptation and pragmatism

Taking into account the new ways of looking at international development cooperation, LuxDev has adopted a pragmatic approach to respond to changes in its sphere of activity.

The organisation’s quality programme, which was launched in 2004 and in 2005 resulted in the Agency receiving ISO 9001-2000 certification, has enabled it to equip itself with tools to structure its activities and with a framework for review and analysis. The quality programme has also had a significant impact on its organisational culture. LuxDev has changed from being an organisation that implements projects and manages contracts to a true development agency, able to reflect upon its sphere of activities and its methods of action.

In 2008, the Agency set up its Quality and Evaluation Department, which has strengthened a thoughtful approach to strategy. As a logical consequence of the quality programme, LuxDev did some work on its mission as a development agency, which resulted in it positioning itself as a reliable partner for the Luxembourg state for the implementation of its development policy. In the same way, LuxDev sets out to be a reliable partner in the field and seeks to be fully conversant with and adapt the various development cooperation approaches and procedures. Internationally, LuxDev participates in reviews and discussions organised by its peers and is actively involved in international networks\(^1\). These aims can be seen, for example, in LuxDev’s strategic objectives for the 2010-2012 period (Vision 2012).

The operational partnership agreements (OPAs) and programme support are two new types of procedure which are adaptations to new international needs. The creation and deployment of OPAs required not only consideration of the way in which to respond to new international needs, but also led the Agency to rethink its contract award processes, re-evaluate risk management, make changes to its accounting and financial procedures for payment orders, presentation of accounts and auditing, as well as its arrangements for monitoring and reporting, and, finally, resulted in a change to the responsibilities assumed by the Agency in carrying out interventions.

This is certainly not the end of making changes, and LuxDev is continuing to reflect on ways to deliver development aid in the future. The Agency has a duty to strengthen its own capacities and to continue to adapt its internal processes.

\(^1\) LuxDev, Booklet presenting the Luxembourg Agency for Development Cooperation, 2009, 16 p.
Luxembourg development cooperation provides support for the delivery of the National Programme – Multifunctional Platforms to combat poverty, the overall aim of which is to consolidate and expand access to basic decentralised and affordable energy services. These services are a way of increasing income and improving access to basic social services for rural populations, particularly women.

This support is achieved through two major routes: the first takes the form of a direct contribution to the delivery of the programme, via a common basket to which several donors contribute. Disbursements are executed in tranches, complying with the principle of fungibility of funds and the primacy of national rules and procedures.

The second route is technical support for the delivery of the programme. At the request of the programme’s national coordination unit, LuxDev can support capacity-building for the programme’s operators.

Mr Adama Rouamba, National Coordinator of the National Programme – Multifunctional Platforms (PN-PTFM)

The joint approach is in tune with the spirit of the Paris Declaration, meeting the aims of Burkina Faso. There are many expected advantages to this: accountability for the country, greater fluidity in the delivery of the programme’s activities and strengthening of the capacities of the programme’s operators.

This example of partnership should, in our view, serve as a lesson in that the benefits derived from the outset would seem to herald greater effectiveness in the programme’s intervention in the field. For the year 2010, the PN-PTFM has essentially worked on unblocking funds from Luxembourg support, and it has been possible to carry out several major activities as a result of this assistance. In addition to the activities mentioned above, LuxDev has made a strong contribution to the drafting and adoption of the new programme document for the second stage, 2010-2015.

An innovative approach

Because the approach was new both for LuxDev and for the programme’s operators, the difficulties have been huge. Major questions arose, such as the place of LuxDev in the delivery of the programme, its responsibility, support methods (both financial and technical), accountability for management of the funds allocated, etc.

It was possible to eliminate all these problems through better communication and, above all, through daily communication in a spirit of true support and partnership.

The main lessons that we have learnt from this partnership are the need for accountability on the part of the programme’s operators, successful communication between those involved, good listening and established trust.

In terms of recommendations, we would suggest that the two parties could, at some time, capitalise on this approach and be able to communicate it as an example of good practice in partnership to the two governments.
In Senegal, the Luxembourg development cooperation programme is strengthening those involved in local development and civil society

The main aim of project SEN/023 of the Senegal-Luxembourg programme is to support and reinforce the capacities of those involved in local development. It operates in the three regions that make up the programme’s focus zone: Louga, Matam and Saint-Louis.

The programme has signed implementation agreements, precursors of the OPA, with many partners, and in particular with the development agencies of the three regions involved, and with civil society organisations.

Mr Alioune Blaise Mbengue, Director of Matam’s Regional Development Agency

The OPA relates to the performance of the section associated with strengthening arrangements and mechanisms for consultation, coordination and monitoring and evaluation at regional and local level.

Our institution, the Regional Development Agency (RDA) of Matam, is a structure shared by the various levels of local governments in the region (region, local communes and rural communities), of which it is the technical arm. Since the local authorities are recognised as the point of entry for interventions concerning local development, they have been closely involved in the implementation of the activities of the second Indicative Cooperation Agreement (ICP II).

In order to enable them to play their roles, the RDAs have wished for support in the implementation of the development cooperation programme. The advantages that we hope to derive from this can be summarised, in general, as the capacity-building of the RDAs as the technical arms of the local authorities.

A major shift as compared with the previous programmes

The approach adopted within the framework of ICP II constitutes a major shift in scale compared to the previous programmes, in the sense that it has made it possible for the various partners to make their intervention part of a multi-actor approach and, above all, has given local operators a significant role as development agents active in taking responsibility for their concerns in various sectors (health, vocational training, sanitation, the environment, local governance, etc.).

Strengthening of resources and improvement of cooperation

The implementation of the agreement has made it possible for the RDAs to strengthen their intervention resources (vehicles, IT equipment and human resources). It has also helped to develop cooperation between the local authorities, the RDA, the reference communities and citizens. Some local authorities have thus been able to gain a better grasp of the importance of a structure such as the RDA. Finally, the agreement has also made it possible for the RDAs to finance relevant development actions that had already been identified with the local actors, but which had not been implemented due to a lack of financial resources.
Mr Alpha Faye, Coordinator of Mouvement citoyen

Mouvement citoyen is signatory to a implementation agreement on the direct implementation of activities to support vulnerable groups, particularly women, young people, disabled people and nomads. The effective implementation of these activities covers several dimensions, such as capacity-building, mediation, networking, as well as planned activities which are the subject of monitoring and evaluation both internally and by the partners.

Aid effectiveness has improved

By incorporating civil society organisations within the implementation procedure, Luxembourg development cooperation has directly reached a target group (the most vulnerable people) through an inclusive mechanism, ranging from project identification to project implementation. Next, by putting operators with different perspectives side by side, Luxembourg development cooperation has succeeded, in my view, in breaking down the wall of distrust between state operators, local communities and civil society, who are beginning to understand that they must work in a complementary way, and abide by subsidiarity, in the interests of the people. Finally, the agreement with Mouvement citoyen has promoted accessibility and consistency in the aid supplied to the target populations.

Putting activities on a professional footing

The implementation of the agreement has led to many changes in terms of the operation of Mouvement citoyen. It has expanded its scope of action and has made itself better known to huge sections of the community. It has been able to forge partnerships and make contacts with differing operators. Local authorities and grassroots community organisations call upon Mouvement citoyen for support in their interventions. Through the agreement, Mouvement citoyen has adopted a more professional approach by building the capacities of its members, who have learnt a lot through contact with the grassroots communities and the other stakeholders in ICP II.

Thanks to the agreement, Mouvement citoyen has developed management tools that are specific to the programme, but which may also be used in all the other projects in its portfolio. Institutional support has also enabled Mouvement citoyen to equip itself with facilities that have significantly increased its operational capacities.
The introduction of OPAs complies with the principles of the Paris Declaration on Aid Effectiveness

Ownership
The partner institution is directly responsible for the delivery of the activities included in an OPA. It exercises effective leadership and coordinates the action. LuxDev only intervenes to provide support and assistance, where needed, to strengthen the institution’s capacities to play its role.

Alignment
This can be seen at two levels. At the conceptual level, an operational partnership is one of the elements of the implementation of a project or programme which itself forms part of national policies, strategies and action plans. At the operational level, the partnership is implemented by applying the partner’s arrangements and procedures, particularly with regard to financial management and public procurement, which are thus reinforced. If necessary, LuxDev has monitoring and approval rights in order to ensure that procedures have been complied with and the transparency principle has been applied.

Harmonisation
If other donors are active in the same sector and with the same partner, LuxDev joins an operational partnership or existing arrangement (such as a regional or sector-specific development fund) or seeks to develop a joint arrangement with the donors that are present in the sector.

Results-based management
An OPA lays down the results that it aims to achieve, tying in with the partner’s national strategy. The signatories attempt to put in place a results-oriented monitoring and evaluation framework (instead of one oriented towards the means). Performance indicators are also based on results and form part of the partner’s monitoring and reporting system.

Mutual accountability
An OPA lays down the respective roles to be played by LuxDev and the partner institution, which are jointly accountable for the results obtained. This mutual accountability is dependent upon transparency in the use of the allocated resources, with LuxDev having a responsibility to account for the use of Luxembourg public funds to the Ministry of Foreign Affairs.

The Agency has signed 120 operational partnership agreements since July 2009. At the end of 2010, it commissioned an evaluation of this modality, to take stock after it had been in operation for 18 months.

Capacity-building: a need and an opportunity
The implementation of OPAs is closely linked to building the capacities of the partners. To be effective, OPAs must be supported by fully operational national partners. The prior study required by LuxDev before a partnership agreement is signed makes it possible to identify the capacity-building needs of its partners. However, above and beyond being a response to the need for reliable institutions, capacity-building is, most of all, an essential strategy for the development of the partner countries.

The Paris Declaration states that “the capacity to plan, manage, implement, and account for results of policies and programmes, is critical for achieving development objectives – from analysis and dialogue through implementation, monitoring and evaluation. Capacity development is the responsibility of partner countries with donors playing a support role. It needs not only to be based on sound technical analysis, but also to be responsive to the broader social, political and economic environment, including the need to strengthen human resources”.

In a reference document, the OECD shows that capacity-building goes far beyond developing the knowledge and skills of individuals: it is closely linked to the quality of the organisations in which these individuals work. In turn, the functioning of an organisation is dependent on the environment in which it operates, i.e. the structures of power and influence and institutions. Capacity-building relates therefore not only to skills and procedures, but is also linked to a favourable environment and to governance.

The OECD document also stresses that capacity-building has long been seen mainly as a technical process, based on a simple transfer of knowledge or organisational models from North to South. Not enough thought was given to the broader political and social context within which capacity development efforts take place. This led to an overemphasis on what were seen as “right answers”, as opposed to approaches that were best in tune with the country circumstances and the needs of the particular situation. For the same reasons, there was insufficient appreciation of the importance of ownership of capacity development initiatives by the beneficiary countries.

Recommendations on the routes to take relate in particular to the following points:

• it is essential to jointly identify the results to be achieved by the capacity-building, before initiating an action of this type;


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• the new consensus on capacity-building reached within the context of the Paris Declaration must become a central theme of the policy dialogue between donors and partner countries;
• addressing systemic factors acting as a brake to capacity-building, on the initiative of the partner countries. Donors and partners must pay more attention to understanding why the environment is not beneficial, and what could be done to improve the situation;
• fully incorporating training and the creation of human capital into organisational reforms and the institutional changes required to put skills to the best use.

The design of programmes ought to take full account of the informal aspects of the way in which organisations operate and how they are influenced by their social and political environments.
The aim of project VIE/023, “Local Development of the Quang Dien District in Vietnam”, is to improve the living conditions of the district’s population, by strengthening local governance capacity and supporting small-scale production and social infrastructure.

The project has signed an operational partnership agreement on the creation of a local development fund, designed to finance infrastructure projects in the Quang Dien district. This fund receives contributions from the Vietnamese government and from project VIE/023.

Comments collected by Mr Guenther Meyer, Chief Technical Adviser, to the national director of project VIE/023

The activities carried out within the framework of the OPA are the result of a participative planning process, which means that the investments in infrastructure come from annual planning processes carried out by the villages and the local communes. Capacity-building has made it possible to set up and carry out the participative planning process, which thus becomes a routine procedure within the annual planning of communes and districts. Capacity-building has been directed towards the national project managers and has covered the aspects of investment planning, evaluation of project proposals and procurement procedures.

**Improvement of effectiveness**

Setting up the OPA has made it possible to improve the project’s effectiveness. Both partners plan, manage and implement the local development fund. They have delegated decision-making power to the district management board and the project’s chief technical adviser, who is the supervisor of the OPA. This involves a decentralised decision-making system and a strict application of criteria and processes that make it possible to manage the fund more efficiently. Transparency creates confidence and prevents unjustified claims from being submitted.

Disbursements from the fund and from the project in general keep to the timetable and make it possible to obtain good results. The infrastructure is being completed without delays and none of the sub-projects has encountered any failure to date.

**The importance of upstream preparation**

The local development fund has not encountered any difficulty that would pose a threat to its implementation. This is mainly because of the considerable preparation devoted to the OPA and its content.

The difficulties encountered during the preparatory stage related to defining the interface between the participative local planning process and the fund, the criteria for allocating the commune’s budget, quality control and the ceding of direct control over a significant portion of the budget for LuxDev, the innovative nature of the approach, the drawing of funds from a bank rather than from the exchequer, compliance with existing laws and the translation of the project document’s requirements into operational processes. Other aspects such as the procurement processes used by the fund, reporting and audit procedures and the standardisation of documents and procedures were also dealt with.

These difficulties were overcome through consultation and discussion, first of all within the project and with the provincial authorities, then with the LuxDev regional office in Hanoi and finally with the head office in Luxembourg.
In Nicaragua, integrated support for the health districts (SILAIS) makes it possible to bring health services closer to the beneficiary communities

The aim of project NIC/020 is to increase the coverage and improve the quality of the health services provided by the SILAIS (local system of integrated health care) in the départements of Masaya, Carazo and Rivas, within the context of the decentralisation of the Ministry of Health’s (MINSA) services. It aims to strengthen the organisation and management capacity of the SILAIS, to improve the provision of services and to improve the conditions that allow high-quality care to be provided.

The project has signed operational partnership agreements with the SILAIS of the three départements involved.

Dr Silvio Navarro, Director General of Masaya SILAIS and Ms Mirna Edith Ruiz, Administrative and Financial Director of Masaya SILAIS

Multiple benefits

There are many benefits deriving from the signing of the OPAs: the administrative management of the SILAIS is reinforced and the work is directly coordinated under the authority and at the level of the SILAIS.

The financial resources which we manage have enabled us to strengthen the community work and the community network with clearly defined objectives with regard to the network of health squads and midwives, together with the nurses and auxiliaries in the health units.

For the HIV/AIDS element, the strategic benefit has been the most spectacular: working with a single annual operational plan, under the coordination of the SILAIS, has been accepted by the other partners and is a practice that will last into the future, even in the absence of funds from Luxembourg development cooperation.

Thanks to the funds available in the traditional medicine element, regular contact between indigenous people and staff from MINSA has become very frequent, even though there is still a certain fear of the indigenous culture. Both parties are strongly motivated and various taboos have been broken by working together.

Direct management has increased the transparency of the way funds are used. This is a sacred principle.

The SILAIS has acquired significant experience in greater accountability.

The implementation of the OPA has enabled the SILAIS to get closer to communities and not to simply do office work. This represents a fundamental change to its activities. The SILAIS has been able to be more flexible and responsive in its actions as a result of the greater responsibilities it has been able to take on and a more thorough-going analysis of all the aspects of its work.

What aspects could be improved?

The working methods are good, but perhaps the programming of activities to be included should be analysed more deeply and critically, to ensure that they are more sustainable.

The implementation of the OPA should not be a reason for reducing technical assistance, since the latter is a strong point of Luxembourg development cooperation in comparison to other partners. The need for critical support is a very important aspect.
Capacity-building: LuxDev’s approach

Capacity-building is a major focus of Luxembourg development cooperation policy. During recent years, there has been a move from technical assistance deployed in order to resolve one-off problems to a wider vision in which the aim to be achieved is establishing institutions that are able to successfully fulfil the roles assigned to them.

An obvious example is the drinking water sector. For a long time, the approach, particularly in central America, has been to fund the construction of drinking water systems, supplying technical aid with the remit to lead the project activities: design of the system (having recourse to the services of specialised design studios or the skills of the technical departments of the future operator), management of procurement for the construction of the facilities for water production, storage and distribution, promotion actions and actions to raise public awareness, usually with the help of local NGOs and the inclusion of a sanitation section. The operation and management of the system, once it was in service, were entrusted to the national public body responsible for water and sanitation. This model has gradually evolved, with the incorporation of an element to build the national body’s capacities for technical, financial and commercial management, to ensure that once the systems have been transferred, they function satisfactorily and their sustainability is guaranteed.

The transition to this stage has not always been accomplished without resistance, because, on the one hand, the institutions believed that they had sufficient management capacity, and on the other hand they did not want an external body to meddle in what they considered to be their own internal affairs.

An additional step has been taken in Senegal, where the drinking water programme SEN/026 is direct support for the implementation of the national policy, without the presence of technical assistance, through implementation agreements (predecessors to the OPAs) which mandate the national bodies to carry out all the actions. The Luxembourg programme coordinators verify that procurement procedures are sound, monitor the project’s activities within the framework of quarterly meetings of technical monitoring and coordination committees and offer support to strengthen the national monitoring and evaluation mechanism. For its part, the Agency’s regional office is a member of the sectoral committee of technical and financial partners, and has held the rotating presidency of the committee.

This example illustrates both the changes to methods of intervention, the difficulties that may arise in implementing capacity-building and institutional strengthening actions, and the importance of carrying out a political dialogue and clearly defining an intervention’s aims.

In Senegal, the introduction of implementation agreements puts flesh onto the international commitments of Luxembourg development cooperation: it meets the criteria of ownership and alignment since it is the various ministerial departments that implement the national sectoral policy, the support for the monitoring and evaluation mechanism strengthens results-based management and contributes to capacity-building and the Agency participates in the process of harmonisation with the other donors.
In Laos, Luxembourg’s support is incorporated within the planning and budgeting systems

Programme LAO/021, entitled ‘Bolikhamxay Livelihood Improvement and Governance Programme’, is a local development programme operating in three of the poorest districts of Laos. Its main aim is to reduce the poverty of the 40,000 people living on less than 0.50 EUR per day. The programme supports village development, the improvement of public administration and the provision of services as well as the development of rural infrastructure.

In December 2010, LuxDev signed an operational partnership agreement with the provincial planning and investment department. With this financing, which is for a two-year period and has a budget of 1.5 million EUR, there is a plan to build 20 schools, deliver clean water to 15 villages, set up three rural markets and build 35 community meeting halls.

Mr Bounma Bujaleun, Director of Bolikhamxay Planning and Investment Department

Alignment, ownership and predictability

The idea of the OPA is to use the usual procedures and institutions of the Lao government in order to carry out these activities, rather than to set up special arrangements for planning, budgeting and implementation. This approach has made the work much easier because we are using procedures that we already know. That also means that we can incorporate Luxembourg support into the existing strategies, plans and budgets and therefore better coordinate the development work and predict the availability of funds. However, additional support is supplied by LuxDev to strengthen strategic planning and introduce socio-economic and environmental protection mechanisms into the process.

The support from Luxembourg development cooperation will be fully integrated into the Lao government’s planning cycle for the budget year 2011-2012. For the provincial authorities, this is a very specific example of adherence to the spirit and principles of the Paris and Vientiane Declarations. That is why we are now looking at the possibility of extending OPAs to other elements of programme LAO/021.

Mr Bounma Bujaleun, Director of Bolikhamxay Planning and Investment Department
Image of a marketplace with various fruits and vegetables displayed for sale. People are engaged in transactions at the stalls.
Aid effectiveness and OPAs: the lessons learnt

The testimonials received from the partner institutions mean that it is already possible to learn lessons from the introduction of the operational partnership agreements.

The importance of the preparatory work: testimonials from Laos, Vietnam and Senegal, in the case of the Mouvement citoyen, all stress the importance of the preparatory stage. The feasibility study is vital in defining, by mutual agreement, the purpose of and the procedures for implementing OPAs, as well as the responsibilities and expectations of each partner. Preparatory work that is properly done makes it possible to build confidence between entities and constitutes a gauge of transparency for the implementation of activities. The introduction of the OPAs also makes it possible for the national partners to improve their own management procedures.

The supportive and capacity-building role remains fundamental: several testimonials, particularly from the health projects in Laos and Nicaragua, stress the continuing importance of the technical assistance offered by Luxembourg. Although additional resources are made available to the national partners and they are in a position of exercising increased responsibilities, the partners still welcome the support and contributions in terms of know-how provided by Luxembourg development cooperation.

The OPAs, in fact, place the partners in a situation where they are accountable, which is clearly a response to the Paris Declaration criteria: all the testimonials received stress that ownership has been increased and that the resources made available to the national institutions make it possible for them to better fulfil their responsibilities, or to acquire new ones. The predictability and reliability of funding has been markedly improved. Actions are, in general, more results-oriented and more tailored to the needs of the beneficiary populations, thanks to the participative planning processes which have been implemented; this is the case in Vietnam and Laos. Civil society operators, such as the Mouvement citoyen in Senegal, are also more involved in the specific actions of the programmes and have placed their interventions on a more professional footing. In Cape Verde, the funds made available to the Vocational Education and Training Institute, together with the technical assistance that is still present, have made it possible to achieve a significant step forward in both qualitative and quantitative terms.

The OPAs are not a replacement for national funding, but add to and reinforce it: it is therefore important to maintain the special nature of Luxembourg’s contribution which makes it possible, while applying national strategies and procedures, to respond to specific needs. Even in the case of support for a programme in Burkina Faso, where the contributions of several donors feed into a joint fund, it is essentially Luxembourg’s financing that has made it possible for the National Programme – Multi-functional Platforms to operate in 2010.

The OPAs are only one method among others. Programme support, co-financing with other donors and contributing to sectoral or regional funds are other methods which Luxembourg development cooperation can implement to respond to specific situations or needs.

Several testimonials stress the innovative and flexible nature of Luxembourg development cooperation. It is important for LuxDev to remain simultaneously attentive to developments in the international context in the sphere of development aid, the policy approach by the Luxembourg government and requests from the beneficiary countries. The Agency has all the tools required and the desire to continue to offer innovative, appropriate solutions.
The vision of Train4Dev is to promote improved aid and development effectiveness for poverty reduction through enhanced donor harmonisation in the field of competence development and training.

Train4Dev’s mission is to add value as facilitators of joint learning, open to donors and partners, in areas of high priority for aid and development effectiveness, by attaining the following objectives:

- developing and delivering of joint learning programmes;
- networking around specific thematic areas by making use of available resources;
- knowledge sharing and exchanging experiences on effective approaches to training and learning;
- promoting and sharing open courses within the network.

Train4dev is an open and flexible network in which all can contribute and personal involvement matters. All jointly developed training material is available as public goods.
PHOTO REPORT
During the short "rainy season" small ephemeral waterfalls form in the interior of the island.
The theme of this contest is "my development". I think in the context of development, there should be more emphasis on people and their needs at the heart of every project. That's why I posted only portraits of people, all from Nicaragua.

At Masaya, Nicaragua, while walking on the outskirts of the city, I came across this little sweety.
Xhemajli Mersina
Kosovo

Young Rom girl following course in literacy
Peter Kurt Hansen
Laos

Women crushing fermented maize in traditional mill, central Laos

Sophie Lafleur
Kenya

Development is to make life sprout. Not to assist but to develop. To search for solutions that help people stay in rural areas. Environmental stewardship, sustainable development, for tomorrow and for future generations.

Valérie Schneider
Mali

Know-how

A craftsman goes about his business of copyist and calligrapher. Development also needs to preserve the skills that explain who we are and where we came from.
Classroom where students will be offered hospitality and tourism courses on Big Corn Island. This room is located on the grounds of the secondary school (Ministry of Education). In the photo we see a student during recess around the construction site of the class.
Photo taken in Dakar, Senegal. To see out of the box, see the possibilities, not just the difficulties. Seek creative solutions, such as how to play table football with friends when one is apparently too small to participate. All this is for me a necessary force for development.
1st prize: Stefanie Alfonso, Cape Verde | p. 30
2nd prize: Cathy Schmartz, Senegal | p. 36
3rd prize: Mathieu Reichling, Nicaragua | p. 31 (top)
Burkina Faso (formerly Upper Volta) gained independence from France in 1960. Repeated military coups d’états during the 1970s and 1980s were followed by multi-party elections in the early 1990s.

The current president, Blaise Compaore, came to power through a military coup in 1987 and has won all the elections since. As a result of the high population density together with limited natural resources, the economic prospects for the majority of the country’s residents are gloomy. The recent troubles in Côte d’Ivoire and northern Ghana have hindered the ability of several hundred thousand seasonal workers from Burkina Faso to find jobs in the neighbouring countries.

Burkina Faso is a landlocked country which is highly dependent upon exporting cotton and gold for its revenue. The country has few natural resources, and a very weak industrial base. Approximately 90% of the population works in subsistence agriculture, which is vulnerable because of regular droughts. Cotton is the main cash crop. Since 1998, Burkina Faso has undertaken the gradual privatisation of public enterprises, and in 2004 it changed its investment code in order to attract foreign investment.

As a result of the new code and other laws promoting the mining sector, the country has experienced a boom in gold exploration and production. In 2010, gold became the main source of export earnings.

The agricultural sector accounts for 33% of Burkina Faso’s GDP and employs approximately 86% of the workforce. Like many of its African counterparts, Burkina Faso suffers from under-investment in this sector. In fact, Burkina Faso receives little investment in this sector as compared with the mining sector. Investment in the agricultural sector is mainly focused on cotton-growing. Burkina Faso has a high potential for production and processing in the agriculture sector, but it does not receive much attention and many investors encounter financial difficulties. The absence of infrastructure policies and the inconsistency between various policies are major obstacles, and are the reasons for the weak performance of the agricultural sector in Burkina Faso. In 2011, the United Nations Human Development Index ranked Burkina Faso 161st out of 169 countries.
Distribution by sector of the 2010 disbursements

- Agriculture and Food Security: 62.07%
- Health: 3.54%
- Education - Vocational Training and Access to Employment: 34.39%

Evolution of disbursements in Burkina Faso (in thousand EUR)

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Since 2000, development cooperation between Burkina Faso and Luxembourg has contributed to the growth in literacy and non-formal education (LNFE) in the Hauts-Bassins region. The strategy chosen nationally is that of outsourcing. LNFE provision is a matter for civil society organisations.

The first two stages were devoted to the development of the provision of LNFE and basic literacy. A network of associations devoted to LNFE thus developed over the course of several years.

As part of the third and final stage of this support, two major innovations were made: the introduction of a regional fund and making LNFE the responsibility of the local communes.

The establishment of a regional fund open to initiatives by different operators in the region and taking into account both basic literacy and post-literacy has been received with great enthusiasm. In 2010, 64 applications drawn up by 48 operators were received, which was three times the number in the previous year. Above and beyond basic literacy in the national languages, there is strong demand for learning French and specific technical training courses.

Support for specific technical training courses is making it possible to improve the structural relationship between literacy and vocational training. The Kalanisso sewing centre opened by the provincial union of associations for the promotion of literacy from Houet to Toussiana is an example of this. The graduation of the first class, with 20 successful students, was an opportunity to demonstrate that literacy could help people to acquire a profession and to integrate in socio-economic terms.

Given the decentralisation process that has been started in Burkina Faso, the current support also aims to contribute to taking LNFE into account in the planning of the various partner communes. A workshop was held in April 2010 which laid down guidelines to make this process operational. It was decided, in collaboration with the regional operators, that from the start of the 2010-2011 literacy campaign the local communes would be involved as the contracting authority’s representatives. This option became a reality through the signing of an agreement with all the 33 communes in the Hauts-Bassins region. On this basis, the latter entered into contracts for services with operators.

A partnership was also started with the educational charter service, forming part of the Department of Study and Planning within the Ministry of State Education and Literacy. A joint mission visited the communes of Kourinion (Kénédougou) and Toussiana (Houet) to make an initial inventory of the capacities of the communes to evaluate their literacy and non-formal education needs and to plan adequate provision in their commune development plan.

**TOTAL BUDGET EUR:**
3 000 000

**DISBURSED 2010 EUR:**
993 549

**DURATION:**
2009 - 2013
The National Programme “Multifunctional platforms to combat poverty” (PN-PTFM/LCP) is a programme of Burkina Faso’s government, the aims of which are a result of the national vision for access to modern electric energy services through the driving force of the multifunctional platform (PTFM), adopted by the government.

A second stage in this programme provides for the rolling out of the PTFM facilities nationally. The programme’s overall aim is to consolidate and expand access to decentralised and affordable basic energy services provided by PTFM as a means of increasing incomes and improving access to basic social services for rural populations, especially women.

The plan is to install, by 2015, a national system of at least 1,700 operating units, integrating 400 PTFMs. Thus, at least 2.5 million people will be reached by this programme, representing 23% of Burkina Faso’s rural population. Developed in order to ease domestic tasks, the multifunctional platform is a piece of decentralised energy infrastructure within the village, designed to replace motive power. It is an energy services enterprise, a source of job creation and generator of significant revenue. The platform contributes to socio-economic development and thus helps to reduce poverty locally. It is targeted, first and foremost, at women in rural areas. According to a study on the effects of the platform, women spend two to four hours less per day on household tasks as a result. This time saved enables them to develop, particularly through literacy classes, in buildings that are often supplied with electricity by the platform itself. Thus, in 14 villages in the eastern region of the country, a rise of 10% in the literacy rate has been seen following the installation of the platforms. The new stage in the programme is particularly targeted at reinforcing female entrepreneurship and access to jobs in profitable agri-food sectors. It is also expected to enable, in partnership with the local authorities, the installation of platforms with a network, contributing to pre-electrification and access to clean water.
Vocational Training in Burkina Faso

This project, which supports basic vocational training, took place in 2010 at approximately 30 private and public establishments, to finance equipment, fit out premises, contribute raw materials and train teachers. It has also strengthened the national system through support to the ministries responsible for the sector, who have succeeded in drafting the action plan for the national policy on vocational training.

Support to the National Blood Transfusion Centre - Phase II

Following the partnership committee meeting in Burkina Faso in January 2011, there will be a continuation to this project. This will make it possible to make the achievements into permanent ones and at the same time to respond to the main request of the country’s authorities by delocalising the regional Blood Transfusion Centre and extending activities nationally in order to meet growing needs in this sphere of health.

Natural Resource Management Project for the Bobo-Dioulasso Basin

This project has based its activities on two cross-cutting themes: the environment, with the extension of the forests, and gender, with significant awareness-raising directed towards women in order to give them additional means of subsistence. The imminent end of this project is expected to translate into sustainable actions which the counterpart can take over on its own behalf.
Support for the Development of a National Forestry Inventory

This project falls within the strategic framework for the fight against poverty and participates in the implementation of the decentralization policy of the forestry sector. Protecting the environment is a major objective for the Luxembourg development cooperation.

Support for the dissemination of Zébu Azawak

The project, which has just been launched, reveals the huge interest that the counterpart has in the sphere of livestock and its open attitude towards support that can be provided to it by Luxembourg development cooperation.
In the XVth century these uninhabited islands were discovered and colonised by the Portuguese. Cape Verde then became a hub for trade in African slaves and, later, a significant resupply stop for whaling and transatlantic navigation. Following independence in 1975, and an attempt at unification with Guinea-Bissau, a one-party system was established and maintained until multi-party elections were held in 1990. Cape Verde can boast of having one of the most stable democratic governments in Africa. The recurrent droughts during the second half of the XXth century made life so hard that a majority of the population chose to emigrate. As a result, the expatriate population of Cape Verde is still higher than that within the country itself.

In 2011, the resident population of Cape Verde was approximately 519 000, with a demographic growth rate of nearly 1.5% per year. 65% of the population is aged under 24. The population is not evenly distributed. Santiago, the most heavily populated island, is home to nearly 55% of the population, half of which live in Praia (125 000), while Fogo accounts for only 7.6% of the archipelago’s population.

Despite major constraints and limited potential in terms of natural resources, Cape Verde has made real progress in economic growth over the last 15 years. Real per capita GDP has had one of the strongest rises in sub-Saharan Africa, increasing from 902 USD in 1990 to 3 700 USD in 2008.

This good performance can also be seen in the Human Development Index which, at 0.534 in 2010, puts Cape Verde in 118th place out of the 169 countries ranked. Finally, in 2010, the country left the group of least developed countries and joined that of middle-income countries.

Cape Verde’s growth has been made possible mainly through the introduction of an economic development strategy based on the private sector and the incorporation of the country into the world economy. However, this strategy has been significantly prompted from the outside: the transfer of funds by emigrant Cape Verdians (25%), external aid (20%) and revenue from tourism.

Such a structure is a mark of considerable vulnerability on the part of the economy. In addition, poverty is increasing. In 2007, 26.7% of Cape Verde’s population was considered poor, of whom half were in extreme poverty. The official unemployment rate is approximately 18%, with the poor section of the population being the hardest hit.
Evolution of disbursements in Cape Verde (in thousand EUR)

<table>
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<td>2010</td>
<td>9 586.78</td>
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Distribution by sector of the 2010 disbursements:

- **Water and Sanitation**: 8.73%
- **Education - Vocational Training and Access to Employment**: 61.74%
- **Health**: 9.02%
- **Agriculture and Food Security**: 20.22%
- **Rural Development**: 0.28%
Cape Verde is a services economy. Among the services, tourism, which attracts the majority of foreign investment, is the leader by a significant margin, contributing 19.4% of GDP in 2010 (as compared with 11% in 2004).

During the next 10 years, according to the forecasts of the World Travel and Tourism Council, tourism revenue will grow by 7.9% per year and this sector is expected to employ 5.3% of the archipelago’s workforce. In 2010, the sector already accounted for 4,081 direct jobs (compared with 2,165 in 2004).

In view of the strong growth of the tourism sector and the opportunities offered in terms of jobs, Luxembourg development cooperation decided, back in 2006, to support the Cape Verde authorities in their vocational training and qualification policy in tourism and hospitality. Thus, the first hospitality and tourism school in Cape Verde was built and fitted out, and opened its doors in March 2011. With an area of 5,200 m² divided into spaces for theoretical and practical training (kitchens, restaurant, bar, multi-purpose rooms), the school can take 300 students per year and employs 43 people, of whom 27 are teachers/trainers.

The hospitality and tourism school is considered to be a vocational training centre, reporting to the Institute of Employment and Vocational Training within the Ministry of Youth, Employment and Human Resources Development. The school delivers both initial training courses for young people wishing to acquire combined training and apprenticeship in this sector, and continuing training for professionals who are already working, who will thus be able to obtain a qualification which they were lacking. Based on exclusively technical training objectives, the hospitality and tourism school project has been developed in such a way as to meet immediate needs for skilled labour, prioritising the relationship between the school and business and seeking to provide an answer to the needs of businesses and the hopes of young people, students and the unemployed. It also opens the path to other training initiatives, which can contribute to increasing the qualifications of employees in the tourism sector and to creating new jobs.

After a three-week campaign on radio and television providing information about the imminent opening of the school, it received 363 applications for continuing professional training alone. In view of the fact that it is at an initial stage, 200 students were enrolled for this first year group, which will be trained from March to December 2011. There are two classes of 40 students each in cooking/pastry; two classes of 30 students each in food and beverage; 30 in hotel reception and 30 in travel agent courses.

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1 not including the informal sector
Cape Verde is one of the few countries in Africa that is likely to achieve the millennium development goals (MDGs). The first target of the first MDG, consisting of halving the proportion of poor people between 1990 and 2015, is already on course to be achieved. On the other hand, the country is still far from achieving the second goal: achieving full employment. In 2008, the unemployment rate was 17.8% as a result of the rigidities in the employment market.

Through its project to support the National Programme for Employment and Vocational Training which began in June 2008, LuxDev is attempting to respond to one of the priorities in the Indicative Cooperation Programme concluded between Cape Verde and Luxembourg, namely reinforcing human resources through education, training and any measures designed to facilitate access to the labour market.

Among the many activities implemented within the framework of this major five-year project, there is a plan to equip the vocational training sector with new infrastructure, and in particular a vocational training centre for renewable energies and industrial maintenance, on the outskirts of Praia. A recent study, in fact, identified the sectors of renewable energy and industrial maintenance as among the five priority sectors for vocational training, with Cape Verde moving resolutely towards renewable energies in order to meet its energy needs.

The vocational training centre for renewable energies and industrial maintenance sets out to overcome the lack of middle management staff within businesses, by seeking to raise the educational level of pupils so that, in the short term, they reach level IV and, in the long term, level V, which is equivalent to the European Union’s vocational training centres.

As for technical training, it will include an element of human and social sciences, giving students the capacity to set up their own businesses and, by doing so, to promote job creation.

The solutions it finds to the issue of the sound management of water resources, physical resources and energy and in the spheres of biodiversity and health are expected to serve as examples for other construction projects in the future.
Support to the Regional Health Development Plan of Santiago Nord

Through the construction and/or overhaul of health structures (regional hospital, health centres and units), the project has made a strong contribution to improving health care in the Santiago Nord health region.

Water and Sanitation on Fogo and Brava

On the islands of Fogo and Brava, water is produced and distributed by the ‘intercommunal’ company Aguabrava. The project’s aim is to strengthen the capacities of all Aguabrava’s staff, by setting up proper technical, commercial, administrative and financial management, with a view to making it fully autonomous by 2011.

Food Aid 2006-2010

The food aid project, governed by a five-year agreement between the governments of Luxembourg and Cape Verde, relates to the annual supply of wheat of bread-making quality by boat, delivered to the national food security agency.

CVE/056

TOTAL BUDGET EUR: 10 948 000
DISBURSED 2010 EUR: 367 425
DURATION: 2004 - 2012

CVE/057

TOTAL BUDGET EUR: 9 000 000
DISBURSED 2010 EUR: 1 700 121
DURATION: 2006 - 2010

CVE/067

TOTAL BUDGET EUR: 5 000 000
DISBURSED 2010 EUR: 826 632
DURATION: 2007 - 2011

CVE/056

TOTAL BUDGET EUR: 10 948 000
DISBURSED 2010 EUR: 367 425
DURATION: 2004 - 2012

CVE/070

TOTAL BUDGET EUR: 5 000 000
DISBURSED 2010 EUR: 826 632
DURATION: 2007 - 2011
Support for the Implementation of the National School Health Programme - Phase III

This project aims to contribute to improving the health of children and adolescents at school by supporting the implementation of the national school health programme and the national school canteens programme.

CVE/075
TOTAL BUDGET EUR: 3 200 000
DISBURSED 2010 EUR: 430 011
DURATION: 2010 - 2014

Construction and Fitting Out of a Secondary School in Ponta Verde (Fogo)

In addition to the construction and fitting out of a secondary school in Ponta Verde – on the island of Fogo – the existing secondary school in São Filipe will benefit, through this project, from new equipment for its laboratories.

CVE/076
TOTAL BUDGET EUR: 4 500 000
DISBURSED 2010 EUR: 697 878
DURATION: 2009 - 2012
Mali is a large country, two-thirds covered by desert areas, which shares borders with seven other countries. The country suffers from many geographical handicaps: landlocked and strongly dependent on climate variations, (drought, locust infestation, desertification and deforestation), inadequate infrastructure and lack of clean water.

Three-quarters of Mali’s population lives in a rural environment, as compared with 27% in an urban environment. Approximately 80% of the workforce works in the agriculture or fisheries sector, while 10% of the population is nomadic. Mali is a cross-roads of civilisations with its many ethnic and linguistic groups, each constituting a source of cultural wealth. A secular country under its constitution, Mali is characterised by the peaceful coexistence of monotheistic religions and traditional cultures. The religions practised are Islam, Christianity and animism.

Mali’s population is very young, with half of Malians aged under 15. As a result there is a strong pressure in relation to job creation and migration, in a context of worsening conditions on the labour market. Growing urbanisation is encouraging political and administrative decentralisation.

A country which has historically had some major migrations internally, within Africa and internationally, Mali is a country with a strong tradition of emigration. All the regions in Mali are areas from which emigration takes place. The diaspora of Malians abroad represents nearly four million people, which is a quarter of the population. African countries are still the main destinations, with two million people living in Côte d’Ivoire and 1 million in ECOWAS, followed by the EU (500 000 Malians). In terms of financial support for the development of the country (nearly 300 billion Fcfa per year, i.e. 457 million EUR per year), migration is on such a large scale that a Ministry for Malians Abroad has been created in order to recuperate investments, added skills and relations and to manage the reintegration of Malian nationals returning to the country.

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. It relies primarily on four sectors: cotton, rice, livestock and gold mining. The country is therefore reliant on world cotton and gold prices. From the viewpoint of external financing, the country is highly dependent on external aid and remittances by Malian emigrants are significant.
Distribution by sector of the 2010 disbursements

- Agriculture and Food Security: 14.75%
- Education - Vocational Training and Access to Employment: 33.22%
- Decentralisation and Local Governance: 18.50%
- Health: 8.22%
- Water and Sanitation: 17.34%
- Other: 7.99%

Evolution of disbursements in Mali (in thousand EUR)

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</table>
Europeans associate Timbuktu with the end of the known world. In reality, however, Timbuktu has been a major centre of the eastern world for centuries, both as a centre for trans-Saharan commerce and a stronghold of Islamic erudition, or, according to Leo the African, a ‘refuge for scholars’. Routes intersected at that time: from the north came the caravans of salt, and from the south came gold and slaves in transit on the river Niger (today, Timbuktu is still a meeting-place for African peoples and the nomadic Berber and Arab peoples, a place where pirogues and camels pass). Attracted by economic prosperity, scholars and men of knowledge settled there from the XVth century, when the city of Timbuktu had 100 000 residents, including 25 000 students who attended its famous Islamic university of Sankoré; the university’s reputation (the Oxford of Africa) was well-known throughout the Arab world. People taught there, wrote books, reproduced by copyists and sold in the markets. The city was at that time at the centre of significant empires which extended over areas larger than Mali is currently.

Some 300 000 ancient manuscripts bear witness today to that era. Written in Arabic (at the time, the language of the elite in West Africa), they cover subjects as diverse as Islamic law, philosophy, medicine, climatology, philology and literature, astronomy, optics, mathematics, geomancy, the history of Mali and Quranic sciences. The oldest are a manual of Islamic law dating from 1204, and a Koran, written on gazelle skin parchment, also from the XIIIth century. Another manuscript sets out a human rights charter, 500 years before ours.

Luxembourg development cooperation, through project MLI/015, is playing an active part with the support of local operational partners in plucking these manuscripts from obscurity by implementing identification and cataloguing actions for improved use of and enhanced respect for a written cultural heritage that brings knowledge and generates assets. Thus, during the second quarter of 2011, 30 libraries in the region of Timbuktu were indexed and inventoried and no less than 72 000 manuscripts were identified, listed and indexed. In parallel with this identification and conservation stage, those involved in the project embarked upon and activities that are very much appreciated and looked forward to by the people of Timbuktu, namely the use and enhancement of the Timbuktu manuscripts for the sustainable economic, social and cultural development of the region.
Following the promulgation of Law n° 93-008 of 11 February 1993, Mali embarked upon the project of decentralisation and is expressing its wish to simultaneously promote devolution. Significant work has been done to achieve this with the help of many financial partners.

18 years later, a number of weaknesses in the system can be observed, and more specifically:

- opposition rather than convergence between decentralised structures and devolved services;
- a low level of professionalism on the part of elected representatives and staff in decentralised structures;
- inadequate resources at the disposal of devolved staff, restricting the performance of their briefs with regard to the local authorities;
- excessive rate of re-election of elected representatives (90%), compromising the quality advances in project management;
- very rough-and-ready respect for the rules on project management, procurement, monitoring of performance, and compliance with payment procedures.

These findings have led the Malian public authorities and the financial partners to set up a regulatory body, providing guarantees regarding the funding of the investments of the local authorities that are required for the implementation of Mali’s strategic framework for growth and poverty reduction and the attainment of the millennium development goals.

The National Agency for Investment in Local Government (ANICT) was thus set up in July 2000, with a remit to receive and allocate to local government entities the subsidies granted for their investments and to help develop the mobilisation of their own financial resources and to guarantee the loans taken out by local government entities in order to finance their investments.

Mohamed Ag Erlaf, General Manager of ANICT, emphasized in an interview that the difficulties in implementing decentralisation had led the Mali government to take additional measures like the reinforcement of the devolved services and the organisation of the decentralised structures, allowing the local government entities to have more in-house professional competences available.

Despite these developments, certain problems relating to the making of investments by local government entities persist, including: the inadequacy of the overall plan (studies, control) and weakness on the part of the project management. In this context, Mohamed Ag Erlaf stresses and welcomes the approach taken by Luxembourg development cooperation, which has chosen a methodology quite different from that of other operators.
Basic Health Services Support Programme - ICP 2007-2011

The area involved in the project will be equipped with a consistent, tailored health system which is geographically and financially accessible to the people. The added value is generated by its institutional aspect, which aims to strengthen the operational capacities of the institutions responsible for implementation and management of basic healthcare within the decentralisation process.

Food Security Programme - ICP 2007-2011

This project is in line with the Malian government’s policies and strategic priorities regarding poverty reduction, improvement of food security, rural development and more specifically development of small-scale irrigation, as well as in terms of decentralisation and environmental protection. It strengthens rural economic production capacity in order to improve the autonomy and solvency of households.

Water and Sanitation and Urbanisation in the South - ICP 2007-2011

This project aims to achieve sustainable improvement in access to clean water, sanitation, urban development and hygiene. The project’s approach is based on the demands made by the people and the commune in accordance with needs that have been clearly identified and incorporated into their social, economic and cultural development programmes.
Vocational Training and Job Insertion Programme - ICP 2007-2011

The focus of this project’s concerns are the improvement of access by young people and women to jobs through vocational training and the development of small-scale traditional enterprises. It is focusing its resources on reinforcing the capacities of the institutions, innovations in the field of training design and the integration of apprenticeship into the vocational training system.

Promotion of the Creation of an Inclusive Financial Sector for the WAMEU Zone

AFR/017 is the flagship project within the context of the regulatory reform of microfinance initiated by the Central Bank of West African States (CBWAS) and corresponds to the needs of decentralised financial systems. 2011 is a pivotal year for the CBWAS out with BCEAO, which must set up the microfinance risk facility for the region.

Technical Assistance to the West African Economic and Monetary Union in the Telecommunications Sector

In order to allow the ordered development of the information and communication technologies sector, this project supports the WAMEU Commission in the conducting of a full inventory of the sector at regional level, the setting out of a joint strategy, a master plan, its action plan and the role of the WAMEU, its Commission and its member states in the delivery of these.
South Africa occupied the German colony of South-West Africa during the First World War and administered it under the mandate following the Second World War, when it had annexed the territory. In 1966, the Marxists of the guerrilla group the South-West Africa People’s Organisation (SWAPO) launched a war of independence for the region, which became Namibia, but it was not until 1988 that South Africa finally agreed to put an end to its reign, in accordance with a United Nations peace plan for the entire region. Namibia has been governed by SWAPO since the country gained its independence in 1990. Hifikepunye Pohamba was elected president in November 2004 in a landslide victory, replacing Sam Nujoma, who had led the country during its first 14 years of independence. President Pohamba was re-elected in November 2009.

To give an idea of Namibia’s size, it could be said that it is slightly larger than half the size of Alaska (824,292 km$^2$) and its population is 2.14 million people. The country suffers from a very high AIDS mortality rate, translating into a current life expectancy at birth of only 52. 85% of the population aged over 15 can read and write and the government spends 6.4% of the state budget on education.

The economy is strongly dependent on mining and the processing of minerals for export. Mining work accounts for 8% of the GDP, but provides over 50% of currency revenue. Rich deposits of alluvial diamonds make Namibia a primary source of gem-quality diamonds. Namibia is the fourth-largest producer of uranium in the world and also produces large quantities of zinc.

The mining sector employs approximately 3% of the workforce and approximately 35-40% of the population is dependent on subsistence agriculture for its survival. Namibia imports about 50% of its grain requirements and during very dry years, food shortages become a major problem in rural areas.

Until 2010, 40% of Namibian budget revenue came from the South African Custom Union. The increase in fisheries and mining industry activities (zinc, copper and uranium mining) stimulated growth between 2003 and 2008, but this has recently weakened due to poor fish catches, a spectacular drop in the demand for diamonds, higher metal production costs and a world recession. However, a recovery in diamond and uranium prices in 2010 gave an important boost to Namibia’s mining sector. In addition, the copper mines, which became unprofitable in 2008, are expected to reopen during 2011.
Distribution by sector of the 2010 disbursements

- Agriculture and Food Security: 0.07%
- Education - Vocational Training and Access to Employment: 25.30%
- Decentralisation and Local Governance: 0.35%
- Rural Development: 7.24%
- Water and Sanitation: 67.04%

Evolution of disbursements in Namibia (in thousand EUR)

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The central issue of this intervention is the formalisation of plots located in the major informal districts around Katima Mulilo and Rundu, in the north of the country.

The process affects all the informal settlements, i.e. at least 70 000 people, occupying over 18 000 plots.

With the project’s support, the land registration process has been completed and families have access to ownership of the land that up until now they had been occupying under precarious conditions, which will make it possible, in particular, to improve living conditions and to develop the infrastructure, starting with water supply and distribution routes; the setting up of the project also provides for the establishment of a fund fuelled by the proceeds of sales of plots.

The registration process is complex and includes, for example, drawing up an overall plan for the districts, reviewing boundaries on the ground and arbitrating on the changes that are sometimes involved for the occupants and, finally, accurate measuring and boundary setting for the land register.

Formalisation is also an opportunity to strengthen the municipal services, which have to deal with a complex process in terms of negotiating and listening to the demands of beneficiaries and setting up administrative procedures for sale and for the establishment of the investment fund, in particular. A significant technical support aspect is therefore a part of this project.

The project team has been focusing its efforts in the last months of the delivery of the project on the issue of sales of plots, which represents an unexpected challenge for everyone. Since the sale process has been phased in the various districts involved, progress has been much slower than anticipated. The prices are, however, in general in line with families’ capacities, the interest is there but confidence is built slowly in people who are used to precarious living conditions, with the help of teams in the field and local district facilitators, and through liaison between the authorities and the beneficiaries.

This is a significant point linked to the capacity-building of the local authorities and to the various aspects associated with good governance and relations with authorities. In this area too, the project sets out to be a driving force.

Finally, the Luxembourg intervention plans to finance the installation of appropriate basic infrastructure in the areas involved, particularly VIP toilets (ventilated improved pit latrines), water supply infrastructure and the essential elements of a rainwater drainage system in areas at risk in Katima.
The project consists of the repair and construction of water points in the Kavango and Caprivi regions and the training of water user committees in the management and maintenance of infrastructure. The region’s support services are also being strengthened as part of the project.

The new GIS project fits into Vision 2030, Namibia’s third national development plan, and seeks to support the process of setting up and converting the central bureau of statistics (CBS) into a more effective institution. In the long term, the CBS should be an autonomous institution able to provide reliable statistics. The project has been extended, particularly to allow support during the preparatory stage for the next census, which will take place in August 2011.

The project supports the establishment of the Namibia Training Authority. This new agency will be responsible for the implementation of the vocational training policy in the country and will manage certain vocational schools, at least during an initial transitional phase.
Niger became independent from France in 1960 and had a one-party system and military rule until 1991, when General Ali Saibou was forced by public pressure to allow multiparty elections, which resulted in a democratic government in 1993. Political infighting brought the government to a standstill and in 1996 led to a coup by Colonel Ibrahim Bare. In 1999 Bare was killed in a coup by military officers who promptly restored democratic rule and held elections that brought Mamadou Tandja to power.

Tandja was re-elected in 2004 and in 2009 sought a constitutional amendment that would allow him to extend his presidential term. In February 2010, a military coup ejected Tandja. The presidential election held at the beginning of the year re-established civil rule on 12 March 2011 with the election of Mahamadou Issoufou in the second round of voting.

In December 2000, Niger qualified for debt relief under the International Monetary Fund (IMF) programme for highly indebted poor countries (HIPC) and concluded an agreement with the Fund on a poverty reduction and growth facility. This debt relief frees funds for basic health care, primary education, HIV/AIDS prevention, rural infrastructure and other poverty reduction programmes.

In December 2005, Niger received 100% multilateral debt relief from the IMF, which translates into the forgiveness of approximately 86 million USD in debts to the IMF, excluding the remaining assistance under the HIPC initiative.

In 2010, the Niger economy recovered from the effects of the 2009 drought, which had seriously reduced grain and cowpea production and had decimated livestock herds. The economy was also hurt when the international community cut off non-humanitarian aid in response to the attempt by former president Tandja to extend his term as president. Nearly half of the government’s budget is derived from foreign donor resources.

Niger is a landlocked sub-Saharan country with a population of approximately 15 900 000. Its economy centres on subsistence crops, livestock and some of the world’s largest uranium deposits. Only 17% of the population lives in cities and the majority of them (1 million) live in the capital, Niamey.

Drought, desertification and strong population growth have undercut the economy. Niger shares a common currency, the CFA franc, and a common central bank, the Central Bank of West African States, with seven other members of the West African Monetary Union.
Distribution by sector of the 2010 disbursements

Education - Vocational Training and Access to Employment: 4.95%
Water and Sanitation: 72.10%
Agriculture and Food Security: 1.32%
Decentralisation and Local Governance: 21.32%
Other: 0.31%

Evolution of disbursements in Niger (in thousand EUR)

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In the département of Boboye, one of the most densely populated in Niger, primary education is still one of the priorities. Despite the construction of new schools, partly thanks to Luxembourg development cooperation, (project NIG/016 PRADEB, regional programme to support the development of primary education) the school attendance rate was not reaching the expected figures. The councils of the local communes involved then asked Luxembourg development cooperation to improve education conditions by equipping each school with a clean water point and access to a sanitation system. The SICEAS project was therefore created in 2007. With a budget of 3 500 000 EUR, derived from co-financing from the Grand Duchy of Luxembourg, the European Union and local communes in the département of Boboye, the project has in three years contributed to a rise of 10% in the gross school attendance rate. Specifically, SICEAS comprised, in 100 schools in the département, 140 school latrines, 500 family latrines, 284 water points, hygiene education campaigns at school and also in villages.

Previously, one school in 20 was able to offer clean water to its children and a toilet area with sanitation, and now the figure is one in three. Because a sick child is an absent child, access to basic needs also meets an educational objective.
Rural Integrated Development Project in Dosso

As this regional rural development project has ended, it is for the new programme starting in 2011 to take over in order to ensure that its achievements are sustained. The Dosso region remains a focus of activities for Luxembourg development cooperation, which now has excellent credibility with the local people and the authorities.

Primary Education Project in Dosso

The project focused its activities on education (especially in terms of infrastructure and training). Being completed, it is hoped that the new authorities in Niger can be inspired by the results. A new project should be released in 2011 that will perpetuate the achievements.
Rwanda is a small mountainous country with an area of 26338 km². Landlocked in central Africa, its population is 11 million. Population density is 320 residents per km. Rwanda’s recent history has been marked by political unrest linked to power sharing and access to opportunities, which translated into explosions of ethnic violence leading to the massacre of some 800 000 people in 1994. Currently in a situation of peace, the Rwandan people are still trying to remove the scars of the genocide. National reconciliation is a long-term project to which the government is devoting itself with determination and which has the support of the international community.

The annual growth rate of the population is 2.8% with a birth rate of five babies per woman in 2010. In terms of structure, the population of Rwanda is young. People aged under 20 account for 67% of the total population. With regard to gender, the results of the 2002 full census of the population and housing show that there are more women than men (52% as compared with 48% men).

Rwanda’s economy grew by 7.8% between 2005 and 2009. The increased productivity of the agricultural sector and the services sector, together with significant investment activity in the public and private sectors, is a major source of growth, employment and poverty reduction in the short and medium term.

The good results produced by the implementation of macro-economic measures enabled Rwanda to reach, in March 2005, the completion point for the heavily indebted poor countries initiative and in March 2006 to meet the conditions required in order to benefit from the multilateral debt relief initiative. At the same time, work has been done to establish an appropriate economic governance system, featuring, in particular, independent regulatory bodies, reinforced public expenditure management systems with independent audit bodies and a strong focus on combating corruption.

Despite a GDP (adjusted for purchasing power) per resident of 1 000 USD in 2010, the country is one of the poorest in sub-Saharan Africa. This is also confirmed by a Human Development Index of 0.385 in 2010, ranking Rwanda in 152nd place out of a total of 169.
Distribution by sector of the 2010 disbursements

- Agriculture and Food Security: 32.38%
- Health: 67.62%

Evolution of disbursements in Rwanda (in thousand EUR)

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</table>
Project RWA/023 started at the beginning of 2010 and aims to support various services and departments in Rwanda’s Ministry of Health in the implementation of the strategic plan for the health sector 2009-2012. The intervention covers the whole territory of Rwanda, with the aim of continuity in relation to several previous interventions by Luxembourg development cooperation.

Priorities for the work have been established with a view to reinforcing existing achievements and implementing the most significant and beneficial contributions of previous projects within a wider context. This is translated in particular through capacity-building in the Rwamagana district with the promotion and coordination of health actions with the authorities responsible, the improvement of the neonatal care in the district hospitals and rolling out the ‘foundation project’ approach that offers a strategic planning framework for the development of structures while allowing interventions by the national partners and donors to be aligned.

These different priorities are strategic for the Ministry of Health and directly affect the improvement of the sector’s indicators within a context of reform of the health system undertaken by the Ministry as of 2010.

The project team has been actively working from the outset on liaison with the various partners and operators in the sector, both national and international, and this has made it possible to initiate diverse forms of cooperation (foundation projects, hygiene, database, etc.) and to take part in the various sectoral coordination bodies, particularly on health governance, which is a cross-cutting issue present to a significant extent in several aspects of the project.

At the end of the project’s first year several significant results of national scope can be highlighted, such as in the neonatology element and combating maternal and infant mortality. The activities carried out in this sphere in the country’s 40 district hospitals represent a highly significant contribution towards meeting the expectations of the Ministry of Health, whether in terms of diagnosis of structures, training or the production of norms and standards.

Certain key indicators are alarming, but the prospects for improvement are also significant even in the relatively short term. Thus, for instance, within the context of support from Luxembourg development cooperation to Rwamagana hospital, targeted support to the neonatology department made it possible to lower the neonatal mortality rate from 33% to 6%; on the basis of this result, we may hope in the medium turn for an improvement in certain key indicators.

**TOTAL BUDGET EUR:**
6 000 000

**DISBURSED 2010 EUR:**
1 859 628

**DURATION:**
2010 - 2013
Integrated Rural Development in Bugesera

The project helps to increase, secure and diversify agricultural opportunities in the Bugesera region. In particular, it is supporting a pilot irrigation programme covering 200 hectares and is helping to improve transport and distribution infrastructure. Several farmers’ cooperatives are supported by the project, particularly for the development of irrigated areas.

ESTHER Initiative | Hospital Partnership Luxembourg - Rwanda

This programme sets out to provide continuity for the projects undertaken with the Rwandan government for the care of those suffering from HIV/AIDS. It aims to consolidate and ensure the sustainability of the results and technical and organisational methods established before the final handover to the Rwandan organisations.
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 Senegal river forms the border with Mauritania and its main tributary marks the frontier with Mali. At the centre, the Saloum flows into the sea via a long estuary full of mangroves. These rivers are subject to seasonal variations, except for the Senegal, which has been developed so as to allow the irrigation of its delta.

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 (the altitude rarely exceeds 100 m) and the meagre flow of the rivers, this represents a serious natural obstacle to the agricultural development of the regions. 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 Djoula) 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. The Dakar region, which occupies 0.3% of the country’s area, is home to nearly 22% of total population. It is estimated that there are 2 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 government had not realised the extent of this decline in time, and so had not put in place an adequate conversion and restructuring policy. The informal sector continues to dominate economic activity in Senegal.

Having seen its economy contract by 2.1% in 1993, Senegal made a significant recovery, with average real GDP growth of over 5% per year (1995-2007). The country was adversely affected by the global economic slowdown in 2009 and growth in GDP fell below 2%. As a member of the West African Economic and Monetary Union committee, Senegal is working for regional integration with a common external tariff and a more stable monetary policy. The unemployment rate is, however, high and continues to encourage migrants to leave Senegal in search of better employment opportunities in Europe.
Distribution by sector of the 2010 disbursements

- **Health**: 22.75%
- **Education - Vocational Training and Access to Employment**: 27.26%
- **Decentralisation and Local Governance**: 10.37%
- **Water and Sanitation**: 39.63%

Evolution of disbursements in Senegal (in thousand EUR)

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<td>2010</td>
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</table>
Facilitation Component of all Programmes related to the ICP 2007-2011

Thanks to the voluntary participation of about 15 local authorities (local communes and rural communities), the Civil Forum, the Senegalese section of Transparency International has drafted and established, with the support of Luxembourg development cooperation, a process for citizen certification of local governance. The two main tools of this citizen certification are a local good governance benchmark and a local good governance label.

The major innovative feature of the programme is the experimentation at the local level with a transparent management model based on building the capacities of local actors and the participation of citizens. The certifying body, named the Local Certification Committee (LCC) is made up of citizens chosen from among the members of local representative, independent associations and representatives of devolved technical services.

Cheikh Mamadou Abiboulaye Dieye, Mayor of Saint-Louis

Saint-Louis is the oldest city in Senegal. That is why, since it is the most senior in the principle of participative democracy, having had district councils for over 20 years which are operational, we thought that it was important to add this citizen certification tool. It is good, sometimes, to be able to have feedback from citizens. For me, this is an important tool in making the commune’s actions more successful.

I head the decentralisation committee at the international association of French-speaking mayors, (AIMF), and I have put forward the principle of citizen certification within the AIMF. My aim is to ensure that all towns in the French-speaking area can now take ownership of this certification tool. You can see that my ambitions go far beyond what Luxembourg development cooperation expected at the outset.

Dr Ismaïla Diedhiou, Pharmacist, member of the Saint-Louis LCC

This will enable citizens to really monitor elected representatives. And that, I believe, will be a first in Africa. It will really push the representatives to do a good job, once they know that there are citizens on the watch to check their work.

[...] I can contribute something to my country by having this role in the Local Certification Committee.
Vocational Training and Job Insertion Programme

To combat a high unemployment rate and an under-performing education system, this project aims to contribute to poverty reduction through vocational and technical training and socio-professional integration. It is organised around strengthening management, quality and accessibility and socio-professional integration measures.

Basic Health Services Support Programme

This project’s intervention falls within the framework of Senegal’s national plan for health and social development, which defines the country’s strategy in the health sector based on improving the state of health of the population, improving the socio-economic conditions of vulnerable groups and reducing the prevalence of social ills. The project focuses on the northern regions and reinforces the health system through training, institutional support, infrastructure and equipment.

Water and Sanitation Project for the Rural Populations of Thiès and Louga

Aligning itself to the framework of the millennium clean water and sanitation programme and taking the Thiès and Louga regions as its action zone, the project aims to ensure the sustainability of infrastructure and to provide equity and transparency in the management of systems through providing organisation, information and education to users and through training technical officers working for the state.
El Salvador, known as the Land of Volcanoes because of its frequent earthquakes and significant volcanic activity, is also often at the mercy of hurricanes. The country shares its borders with Guatemala and Honduras, and is mainly mountainous with a narrow coastal strip and a central plateau.

The population of El Salvador increased from 1.9 million residents in 1950 to 4,700,000 in 1984. The 2009 census reported a total population of 7,185,218 residents. Overall, the country is made up of a majority of mestizos, a mix of indigenous Amerindians / those of European descent and indigenous peoples; 64% of the population lives in towns and cities.

Despite its small size (being the smallest country geographically terms in Central America), El Salvador has the third largest economy in the region. The economy was hit during the world recession and GDP tumbled by 3.5% in 2009. The economy began to recover slowly in 2010 thanks to an improvement in exports and an increase in remittances from Salvadorans living abroad. Remittances accounted for 16% of GDP in 2009, and approximately a third of all households receive these transfers.

In 2006, El Salvador was the first country to ratify the Central America-Dominican Republic Free Trade Agreement, which bolstered exports of processed foods, sugar and ethanol, and supported investment in the textile sector, which was having to deal with increased Asian competition and the expiry of the Multi-Fibre Agreement in 2005. El Salvador has promoted an opening up of its economy and has improved the investment environment by embarking on a wave of privatisations, extending to telecommunications, electricity distribution, baking and pension funds management.

With the adoption of the US dollar as its currency in 2001, El Salvador lost control over monetary policy. Any counter-cyclical response to the downturn must be through fiscal policy, which is constrained by legislative requirements and by the already high level of debt.
Distribution by sector of the 2010 disbursements

Evolution of disbursements in El Salvador (in thousand EUR)

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<td>2010</td>
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Rural Development 76.96%  
Water and Sanitation 23.04%
The Solidarity Network Programme is an initiative set up by the government of El Salvador which aims to improve living conditions and increase opportunities for rural families living in conditions of extreme poverty through an integrated intervention in the 100 poorest local districts in the country.

The project sets out to help improve the living conditions of the residents of 13 local districts in the eastern region of El Salvador. It is structured around a coordinated package of sectoral interventions conducted under the leadership of the Salvadoran institutions involved with the aim of promoting access by the people to basic services, and the strengthening of capacities and productive activities.

These interventions include the supply of clean water to schools, health centres and health points, the construction and improvement of sanitation and education infrastructure, the training of teachers, the implementation of literacy programmes, rural electrification, the reinforcement of municipal management and of producers’ associations and the financing of production projects.

Although it is difficult to determine the contribution of the Solidarity Network Support Programme in the results achieved in the 13 local districts, given that these are not solely due to Luxembourg intervention, reports from the field make it possible to state that the Solidarity Network Support Programme has been particularly effective in terms of building capacities in health and education institutions in that it has made them more able to provide high-quality and more effective services to the remote populations in the 13 local districts.

By way of example, the diarrhoea rate in children aged under five has fallen by more than 6%. The implementation of basic water and sanitation systems has also had a very positive impact on the quality of life, particularly for women and children, who had had the daily task of transporting water. The time saved can now be devoted to other productive activities. The improvement of the quality of health care has contributed to a significant increase in the number of people cared for in hospital in the 13 local districts where the project is operating: ‘[...] not one incidence in maternal mortality and a substantial reduction in infant mortality in these municipalities since the mobile health brigades started operating [...]’

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1 INSIDE, mid-term review of ICP 2007-2010
During the final evaluation of the project, carried out in 2009, certain problems of a technical nature were identified. A six-month extension of the deadline for delivery until June 2010 was granted in order to resolve these problems and finalise the project.

The project ended in 2010. The final activities were directed towards making available the technical tools to allow the national administration of water and sanitation systems to take the remedial action required to improve its management system and to carry out thorough performance monitoring.
Nicaragua, which has an area of 129,494 km², is the largest but also the poorest country in Central America. It has significant potential in terms of natural and human resources. According to data from the national institute of statistics and the census, the population in 2008 was 5,822,300, of whom 50.9% were female.

There is a high level of poverty in Nicaragua, which is in 115th place of 169 countries in the Human Development Index. There is a very high level of extreme poverty there and chronic malnutrition is a serious problem.

62.3% of Nicaragua’s population is aged under 25. A considerable percentage of these young people has no access to the educational system and many of them who do have access to education have an inadequate level of learning. The low school attendance rate, unemployment and/or precarious jobs mean that 30.2% of young people are poor, and 12% live in conditions of extreme poverty and receive practically no social welfare benefits.

For the 2001-2005 period, poverty grew by 0.8% in urban areas, but by 2.5% in rural areas.

The consumption level of Nicaraguans fell slightly between 1998 and 2005.

According to data from the national human development programme 2008-2012 (NHDP), it is among children aged under twelve that there is the highest percentage of poverty in Nicaragua.

The education level of the labour force aged between 25 and 59 is low.

Nationally, 57% of people with a job are unskilled workers and services staff. Nicaragua’s economy is primarily based on a workforce which has not had the opportunity to complete the mandatory six years of primary schooling.

The indicators for the economy and the welfare of Nicaragua’s population have not yet reached the desired level, despite the efforts that have been made to improve the situation.

The Nicaraguan government is implementing the NHDP 2008-2012, whose objectives are to create jobs and reduce poverty by leveraging competitive advantages. One of the elements of change contained in this programme is its productive approach. Whereas in the previous programme the emphasis had been placed on the development of groups of companies, the new productive strategy focuses on the potential of SMEs and the implementation of technical assistance programmes so that urban and rural production can benefit more from the opportunities offered by trade agreements and the internal market.
Distribution by sector of the 2010 disbursements

Evolution of disbursements in Nicaragua (in thousand EUR)

<table>
<thead>
<tr>
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</tr>
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<tr>
<td>2010</td>
<td>5 321.98</td>
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Project NIC/013 – Support for hospitality and tourism training in Nicaragua ended in 2006 with the completion of the construction of the national hospitality school (ENAH).

Project NIC/018, which is the second stage of project NIC/013, has been implemented to develop training courses in six skills-areas in the form of initial training, continuing training and job training. At the end of 2009, over 6,000 students per year were already receiving training offered by the school, taking all the above forms together. The project also established in Nicaragua the concept of ‘competency-based training’ in direct collaboration with the national businesses in the tourism sector.

As of 2010 the project began to consolidate the vocational training system in the hospitality and tourism sector through the strengthening of methodological concepts both at the central level of the ENAH and the six decentralised bodies currently being set up. Working together with project NIC/023 – Improvement of vocational and technical skills at the national level - these ideas and concepts have been expanded to other sectors and vocational training centres nationally. The ENAH has also developed a relationship with the Central American network of hospitality and tourism schools.

The financial management of the ENAH has significantly improved and the economic sustainability objectives have been attained. The implementation of a quality management system is underway, and ISO 9001 certification is planned for the first half of 2011. The ENAH will then become the first teaching centre in Nicaragua to obtain this certification.

At the end of four years, the ENAH has become a benchmark at national level, as evidenced by the marked rise in the numbers of people wishing to enrol, but also for other training centres in the Central American region seeking to learn from the experience of the ENAH.
The Coffee Route

Craftsman in Monzonte, Nueva Segovia

The Coffee Route: a success based on participation and ownership

The ‘Coffee Route’ is in the north of Nicaragua and covers the five emblematic départements of Estelí, Jinotega, Madriz, Matagalpa and Nueva Segovia. A region characterised by mountainous terrain, it reaches the height of 2 107 m with Cerro Mogoton. This is a traditional destination in national tourism, appreciated by Nicaraguans for its cool climate, which contrasts with the heat of the Pacific coast in general and Managua in particular. The northern region used to be, however, restricted to a limited number of well-known tourist establishments such as the ‘Selva Negra’ or the ‘Finca Esperanza Verde’, based on ecotourism.

When the project was launched in 2007, the main challenge was therefore to strengthen the regional identity and to create a tourism route dynamic that sprang from the place itself, based both on decentralised management and the ownership of the project by small and medium-sized enterprises (SMEs). The technical teams in the Nicaraguan Institute of Tourism and in LuxDev therefore worked together in order to reinforce the local counterparts, organised into five département tourism committees and about 50 municipal committees, which now represent 1 200 persons, of which 70% are tourism SMEs.

This organisation enabled the ‘Coffee Route’ to attain, in four years, nearly 30 000 participations by direct beneficiaries of the project in activities relating to planning, investment in public infrastructure, tourist activities, continuing training, technical assistance, financing of SMEs and promotion and marketing. The project’s impact is therefore measured in terms of participative planning, which has made it possible to involve the counterparts at all the stages of the project’s life cycle: from formulation to evaluation, via programming and delivery. The tourism services of the ‘Coffee Route’ is now presented in an integrated and coherent way as part of tourism routes which combine natural resources and cultural identity.

Between Somoto canyon and the corn festival, between the traditional music of German immigrants (polka and mazurka) and the folk dances which illustrate the mixed heritage of the communities, between the pre-Hispanic identity and the colonial churches, between the charming hotels and agritourism on the coffee farms, the north has found its place and is emerging as a tourist destination. The success is in large part due to the coordination of the respective efforts of the public and private sectors, but most of all to the reinforcement of networks of SMEs and their complementarity within the framework of the tourist routes.

NIC/022

TOTAL BUDGET EUR: 4 500 000
DISBURSED 2010 EUR: 427 459
DURATION: 2007 - 2011
Support to National Blood Transfusion

The extension stage of the project, which began in May 2010, aims to make the national blood service more effective, safe and independent and to reinforce the institutional capacities of the Ministry of Health. At the end of 2010, all the conditions were in place to allow steady performance in 2011.

Primary Health Care with SILAIS\(^1\) - Phase II

2010 was based on the ownership of the project by the national counterpart, the Ministry of Health. The experience acquired after nine years of intervention in the departments of Masaya, Carazo and Rivas will be drawn upon in the implementation of a new project in two departments in the north of the country.

\(^1\) Local system of integrated health care

Water and Sanitation in Nueva Segovia, Madriz and Estelí

This project aims to improve the management and services provided by the Nicaraguan water and sanitation company in the departments of Nueva Segovia, Madriz and Estelí. The project, which is Luxembourg’s last intervention in the water and sanitation sector in Nicaragua, primarily focused on construction aspects during 2010.
The project incorporates the successful experience of the ENAH (NIC/018) in the vocational training sphere and extends it to the sub-sectors of welding, electrical/electronics work and renewable energy. Begun in 2010, it will contribute to the establishment of a model national system of qualifications and vocational training.
ASIA

LAOS
MONGOLIA
VIETNAM
Laos has its roots in the ancient Lao kingdom of Lane Xang, established in the XIVth century under King Fa Ngum. For 300 years Lane Xang had an influence on present-day Cambodia and Thailand, as well as all of what is now the People’s Democratic Republic of Laos. After centuries of gradual decline, Laos came under the control of the Kingdom of Siam (Thailand) from the late XVIIIth century until the late XIXth century, when it became part of French Indochina. The Franco-Siamese Treaty of 1907 defined the current Lao border with Thailand. In 1975, the Pathet Lao party took control of the government, ending a six-century-old monarchy and instituting a socialist regime closely aligned to that of Vietnam.

From 1988, Laos slowly opened its economy up to private enterprises by liberalising direct foreign investment laws. Laos became a member of ASEAN in 1997.

The People’s Democratic Republic of Laos is located in the centre of the Mekong sub-region, with a multi-ethnic population of approximately six million, and occupies 236 800 km². The country is landlocked and has borders with five countries (Burma 235 km, Cambodia 541 km, China 423 km, Thailand 1 754 km and Vietnam 2 130 km).

Population growth is slightly less than 2% per year and about 50% of the population is aged under 20. Laos is mainly made up of limestone mountains crossed by the fertile valleys of the Mekong river and its tributaries. Approximately 77% of the population of Laos lives in rural areas and they are mainly engaged in subsistence agriculture. Less than 30% of the population aged over 15 has more than a primary-level education, and 31% of adults are illiterate. 23% of women have never gone to school and less than 9% of women have attended secondary school. Depending on the province where a child is born, life expectancy at birth varies between 54 and 63.

Laos is still a country with under-developed infrastructure, particularly in the rural areas. It has a rudimentary network of roads and limited access to internal and external telecommunications. Electricity is available in urban areas and in many rural districts as hydro-electric power is becoming the country’s main export.
Evolution of disbursements in Laos (in thousand EUR)

<table>
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</tr>
<tr>
<td>2010</td>
<td>5,768.85</td>
</tr>
</tbody>
</table>

Distribution by sector of the 2010 disbursements

- Agriculture and Food Security: 10.33%
- Rural Development: 7.37%
- Education - Vocational Training and Access to Employment: 18.84%
- Microfinance and Inclusive Finance: 8.77%
- Health: 54.69%
LAO/Luxembourg Health Initiatives Support Programme

LAO/017 and the ‘5S’ method

In a recent World Health Organization study on the funding of health in countries in the western Pacific region, Laos was singled out as spending the least on healthcare for its population: only 2 USD per person per year out of the 27 million USD making up the total health budget. Approximately a third of the total budget is absorbed by the central administration, a further third by national and regional hospitals and the remainder is shared out among rural areas, where 85% of the population lives. 80% of the funds required for the operation of the health system come from direct payment for health care by the population. However, since poverty is widespread and cash flow is limited, particularly in rural areas, a large number of people do not have care when they are ill. Thus, a vicious circle is created, in which health organisations have very restricted operating budgets and a population in need which does not have the resources to pay for the services it needs. As a result, health staff often have to work in difficult circumstances which are not beneficial for a motivating, high-quality working environment.

In addition to technical assistance, the supply of equipment and the renovation of infrastructure, project LAO/017 provides support to the public health budget in three provinces, which are the provinces of Khammouane, Vientiane and Bolikhamxay. In order to encourage health staff to deliver high-quality care and to create an attractive working environment, the 5S method has been introduced in various pilot sites. This 5S method is a tool based on a Japanese philosophy and specifies and effective, high-quality work requires a clean, safe and rigorous environment.

The 5Ss are five action verbs (Sorting, Setting in order, Systematic cleaning, Standardising, Sustaining the discipline) which in Japanese all start with the letter S (Seiri, Seiton, Seiso, Seiketsu, Shitsuke) and form the method or approach known by this name: [1] Seiri - eliminating all unnecessary tools and keeping only essential items; [2] Seiton - organising everything so as to permit effective, easy work; [3] Seiso - cleaning; [4] Seiketsu - standardising, which means that all procedures and techniques are properly documented and understood, and [5] Shitsuke - continuing, so as to use the 5S method as the way to operate.

The approach has paid off and the 5S method has been eagerly implemented in the pilot sites: for example, in Khammouane provincial hospital, staff have filled 18 lorries with waste, mainly old equipment and other defective items.
Strengthening of Human Resources in Hospitality and Tourism

In late 2010, the Lao National Institute for Tourism and Hospitality (LANITH), working together with the Laos national tourism body, introduced an innovative training programme entitled Passport to Success. LANITH offers continuing training to professionals in the hospitality and tourism sectors. Through these courses, professionals in the sector have access to careers, salary rises and promotions and will also find greater personal satisfaction. Participation in the Passport to Success by employees in hospitality and tourism businesses aims to achieve greater productivity, improved service quality and better profitability.

The Passport to Success is based on the educational principles founded upon the skills approach and complies with the tourism sector standards of the Association of Southeast Asian Nations. Each of the over 100 modules to be developed by LANITH in the future will include a tailor-made curriculum (manuals and videos), an assessment to measure and report on the capacities of participants and a standardised, recognised certification.

The Passport to Success offers a range of training modules on basic subjects, in the six spheres of the hospitality and tourism sector, covering catering, food production, reception, room service, tour operator skills and the profession of travel agent. All the modules emphasise the development of skills which the participants will be able to apply immediately in their working environments. The modules vary between two and four-day course and include a final assessment in which the participants must demonstrate the relevant skills they have acquired.

All the learners who pass an initial evaluation receive a Passport to Success in which individual progress is recorded with stamps. A certificate and a badge are awarded to participants who pass the required number of modules. A combination of nine modules is required to reach bronze status, 12 for silver and 15 for gold.

In 2011, the first training modules in the Passport to Success were given in Champassak, Khammouane, Luang Prabang, Vientiane and in the province of Xiengkuang where the training premises have been identified in order to provide an appropriate working environment which is suitable for interactive training sessions. At first, training will be provided free of charge to professionals in the tourism and hospitality industry. However, in the long term LANITH will charge for this service in order to cover its costs to a certain extent and at the same time to ensure the sustainability of the Lao National Institute for Tourism and Hospitality.
The project aims to strengthen the financial sector in Laos, particularly through capacity-building in the sphere of curriculums and the development of human resources, in order to achieve international standards. LuxDev is working with the Luxembourg Financial Technology Transfer Agency (ATTF).

**Strengthening the Rule of Law through Legal University Education**

The project’s main objective is to ‘strengthen the primacy of law through legal university education’. The main beneficiaries are the students and professors of the faculty of law at Vientiane University. The faculty has to address several challenges which are partially identical to the challenges faced by the higher education system as a whole in Laos.

**Bolikhamxay Livelihood Improvement and Governance Programme**

The project is part of the national strategy to combat poverty. It supports the implementation of the socio-economic development plan of Bolikhamxay province, with the overall objective being poverty reduction. Three of the six districts in the province are considered to be very poor: Khamkeut, Viengthong and Bolikhan.
Oudomxay Community Initiatives Support Project

This is a rural development project which targets all the districts in Oudomxay province. Alongside the contribution from the Lao government, many donors are participating in this project, such as the International Fund for Agricultural Development, the World Food Programme and Luxembourg’s Ministry of Finance.

* Project funded by the Luxembourg Ministry of Finance
Mongolia is a landlocked country with a population of approximately three million people. Most economic activity in Mongolia is based on livestock and agriculture, but the country also has extensive mineral deposits.

Soviet assistance, at its height accounted for one-third of gross domestic product (GDP), but disappeared almost overnight in 1990 and 1991 at the time of the dismantlement of the USSR. The following decade saw Mongolia endure both deep recession due to political inaction and natural disasters, as well as some economic growth because of a reform embracing the market economy and the privatisation of most of the state-run bodies.

Severe winters and summer droughts in 2000-02 resulted in massive livestock die-off and negative GDP growth. This was compounded by falling prices for Mongolia’s primary sector exports and widespread opposition to privatisation. The average growth of close to 9% per year between 2004 and 2008 was largely due to high copper prices and new gold production. Until late 2008 Mongolia experienced galloping inflation, which went up to nearly 40%.

With the aid of international financial institutions and the community of donors, Mongolia has made considerable progress in terms of the democratisation process, establishing sustainable macro-economic foundations. The country adopted a new constitution in 1992 which includes the principles of democracy and private property. The country has also become one of the most open economies in the region, in order to facilitate private initiatives.

It was in late 2008 that the country began to feel the effects of the global financial crisis. Falling commodity prices helped to lower inflation, but also reduced government revenues and led to cuts in spending. In early 2009, the International Monetary Fund granted 236 million USD in a stand-by arrangement to Mongolia and the country started to move out of the crisis.

The economy grew by 6.1% in 2010, largely on the strength of exports to neighbouring countries. Mongolia’s economy continues to be heavily influenced by its neighbours. It purchases 95% of its petroleum products and a substantial amount of electric power from Russia, leaving it very vulnerable to price increases.

Trade with China represents more than half of Mongolia’s total external trade. In exchange, China receives over three-quarters of Mongolia’s exports. Remittances form Mongolians working abroad are sizeable, but have fallen due to the economic crisis.
**Distribution by sector of the 2010 disbursements**

- Health: 95.71%
- Microfinance and Inclusive Finance: 4.29%

**Evolution of disbursements in Mongolia (in thousand EUR)**

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Mongolia is a landlocked country located between Russia and China. Two million people live in the country, where the climate is rigorous, infrastructure is often non-existent and the land is vast and wild. The harsh climate and under-developed infrastructure are the reason why there is a lack of diagnostic and treatment equipment and the isolated practice in rural areas has given rise to a considerable gulf between cardiology care in rural hospitals and central hospitals. This results in an excessive number of referrals of patients from rural areas to the large hospitals in the capital. In addition, cardiovascular disease has become the main cause of mortality over the last 15 years in Mongolia.

The Cardiology Centre project was launched in 2001 with the primary objective of reducing the incidence of cardiovascular illness in the country. The project also aims to improve the management and prevention of cases locally, reduce unnecessary referrals and make available specialised know-how to doctors in remote regions.

The project has set up a telemedicine network tailored to local conditions and has created a virtual centre for knowledge management. In addition, it has assisted doctors in rural settings to carry out their duties and created synergies between stakeholders.

The project operates around three main pillars:

- **tele-consultation**: the network links the cardiovascular centre of Shastin Hospital (in Ulan-Bator) to eight rural hospitals equipped with simple equipment, including electrocardiographs, digital electrocardiographs and computers. The doctors find their patient files through a sharing system that can be consulted via a web interface on the Internet.
- **distance learning**: a website has been specially designed for distance teaching, including many pages for professional access or public education. The site is constantly updated with educational aids and algorithms based on the needs of the end users. It is used for distance training and to build up credits in medical training.
- **developing team spirit**: the project organises regular training courses, local seminars and annual conferences in order to bring together the doctors involved and to promote team spirit between them.

With the use of this telemedicine network the project can significantly improve the management of cases of illness in rural and central settings and the referral system.
Since the banking crisis in the 1990s, Mongolia’s banking sector has stabilised and grown stronger. The government has begun to build the foundations for the non-banking financial sector. However, the role of the financial sector as an engine of economic growth remains limited.
Vietnam is a low-income country with a population of approximately 90 million people, 25% living in urban areas and approximately 11% in mountainous, remote regions.

Since 1986, with the Doi Moi (reformation / reform) movement, Vietnam has experienced rapid social and economic changes. Significant reforms have been instituted, including the removal of restrictions on the private sector in trade and industry, a return to agriculture and the rationalisation of public companies. Since Doi Moi, there has been galloping economic growth, with an average real increase in per capita GDP of over 6% per year.

The economic outlook seems fairly favourable. Exports are rising and the country is attracting considerable investment from abroad. The improvement in infrastructure (roads and communication networks) is likely to contribute to the current economic growth.

After 25 years of Doi Moi, the share contributed by agriculture to GDP has halved (from 39% to 19%), the proportion accounted for by industry (in general as well as in the rural economy) and construction has risen from 28.9% to 42%. The share of the services sector has increased from 33 to 39%, i.e. approximately 35% of the economic growth recorded during this period. Vietnam’s economy has grown strongly since 2000 and in 2010 GDP was approximately 278.1 billion USD, i.e. approximately 3 100 USD per resident (purchasing power parity).

Despite satisfactory progress, there are still several challenges to be met. A low level of competitiveness is one of these challenges, with production costs that are relatively high and productivity below the average for South-East Asia. A large proportion of exports has little or no added value. Factors such as the high prices of fuel, electricity and communications have slowed down the inflow of foreign investment. Swift urbanisation has led to the over-exploitation of natural resources and pollution. The authorities have left the rural sector practically unsupervised.

Today, the millennium development goals have been changed into Vietnam development goals (VDGs). These goals set out a vision of the country’s economic, social and environmental development, with a particular emphasis on economic development and poverty reduction in rural areas. The emphasis has been put on job creation and increasing income in rural areas through rural industrialisation and the development of the services sector.
Distribution by sector of the 2010 disbursements

- **Agriculture and Food Security**: 40.16%
- **Microfinance and Inclusive Finance**: 14.55%
- **Health**: 14.58%
- **Education - Vocational Training and Access to Employment**: 30.71%

Evolution of disbursements in Vietnam (in thousand EUR)

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<td>5 098.97</td>
</tr>
<tr>
<td>2010</td>
<td>5 984.67</td>
</tr>
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</table>
Quang Dièn Local Development Project

Project VIE/023 operates a local development fund which makes it possible to finance basic infrastructure. Set up in 2008 through an agreement between the local authorities and LuxDev, this fund is wholly managed by the Quang Dièn district. The district’s responsibilities include all the stages in the investment decision, via calls for tender, supervision of works up until the infrastructure is put on-stream.

Since it started, the fund has invested 1 665 million EUR in commissioning 17 social projects (mainly primary schools and health centres) and 30 production projects (markets, community halls). In addition, 14 projects with a total value of 593 000 EUR are expected to be completed by December 2011.

The beneficiaries and the managers in Quang Dièn evaluate the infrastructure financed by the fund on the basis of the quality of construction, design and speed of the intervention. By insisting on quality and local ownership, the project harmonises these objectives with those in the national plan and these local objectives as well as the national processes, which are incorporated within local socio-economic planning.

For the fund, this means: (i) the identification of projects through a local participative planning process, developed jointly between the project and the local authorities (ii) transparency and mutual understanding, (iii) the project’s interventions as results of participative planning that forms part of the district’s annual plans, (iv) a clear, detailed financing agreement, (v) the use of Vietnamese laws on calls for tender and (vi) the delegation of powers.

The project’s “quality” adviser drafts a report, verifies the proposed investment and the estimate of initial cost and draws up a list of eligible projects for the fund’s committee. The committee evaluates the eligibility of the projects and puts forward the eligible ones to the District People’s Committee (DPC), which issues an official decision on the investment, the site and the preliminary costs.

Next, the district and the DPC approve the designs and the specifications. The district takes responsibility for the tendering process and the management of contracts. The project’s Chief Technical Adviser is, for LuxDev, the supervisor and thus the guarantor of quality, and ensures that procedures are applied in line with the agreement signed.

Independent financial audits have confirmed the sound financial management of the fund and the correctness of the procedure used. The projects are identified and decisions taken, as well as contracts granted, in an open and transparent way.

The fund is an example of the establishment of a true partnership with the counterpart, based on the harmonisation of procedures and the application of the Paris Declaration principles (see p. 8).
**Strengthening the Cold Chain in the Framework of EPI**

The aim of the project is to reinforce Vietnam’s Ministry of Health’s enlarged programme on immunisation (EPI) through an optimised cold chain and support for the associated maintenance. This constitutes the backbone of the EPI, without which immunisation in the most remote regions of Vietnam would be impossible. The millennium development goals have been translated in Vietnam into the Vietnam development goals. Goal number 4 is to reduce by two thirds, between 1990 and 2015, the mortality rate of under fives, by increasing the percentage of children aged one immunised against measles.

The cold chain has been renewed through the project’s support nationally, namely in the 63 provinces of Vietnam. Four regional institutes, 63 provincial medical preventative centres and 700 district medical preventative centres have been equipped with specialised equipment: 990 refrigerators, 46 freezers, 1 000 ice-boxes and the associated accessories.

The supply of equipment was complemented by a training programme. EPI officers in the regional institutes were trained at the manufacturing site of the refrigerator supplier. 147 EPI officers from the regional and provincial centres were trained in the maintenance cold chain equipment. In the districts, the project focused on reinforcing health systems by training, each year, for two consecutive years, 1 400 health workers in the management, maintenance and use of cold chain equipment. The management software for the equipment has been improved and 93 people have been trained to ensure that it is used in an optimum way.

Luxembourg is also financing a three-year maintenance contract on behalf of the EPI. This will allow the cold chain equipment to operate well at all levels, through preventive and remedial maintenance.

Through the reinforcement of the enlarged immunisation programme in this way, all the people immunised during the recent campaigns (measles, Japanese encephalitis) have been able to receive high-quality immunisation guaranteed by an effective cold chain. Such a national high-quality programme makes it possible to eliminate and, in the long term, to eradicate diseases such as poliomyelitis, to take one example. The reduction in these diseases has a major impact on poverty reduction through the improvement of public health.

<table>
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<tr>
<th>Cold chain equipment maintenance training</th>
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**Cold chain equipment maintenance training**

| TOTAL BUDGET EUR: | 4 519 000 |
| DISBURSED 2010 EUR: | 318 427 |
| DURATION: | 2007 - 2011 |
A hospitality college rooted in practical work

The city of Hue in Vietnam is known as the city of the ancient emperors, and for its royal tombs and palaces. Looking back 10 years, the city, although it had UNESCO heritage classification and was one of Vietnam’s major tourist attractions, did not offer any training options for hospitality and tourism professionals.

Hue is located in the centre of Vietnam in Thua Thien Hué province, which is one of the poorest regions in the country. Equal opportunities, access to high-quality vocational training and access to a job were not obvious options for the young people living in Hue.

Today - in 2010 - the Hue Tourism College is a national model for vocational training in hospitality. The college operates its own training school hotel, the ‘Villa Hue’. The 12-room hotel is located within Hue Tourism College, which is in the town centre and is a significant source of revenue for the operation of the college. The training hotel was completed in 2006 as part of the third vocational training project in hospitality financed by the Luxembourg government.

The college was created much earlier, in 1999, and the educational buildings were constructed during 2001 and 2002. Since 2001, the number of students enrolled and the number of graduates has been constantly increasing. From the 270 students enrolled in 2000, the number rose to 812 in 2010. Between 2007 and 2010, the percentage of students to have obtained and kept a job linked to their training reached 85% and there is an upwards trend. The ratio of female students has been, on average, 70%, and 8% of students come from very poor and disadvantaged families. The investment by the Luxembourg government over the past 10 years in capacity-building for the teachers and administrative staff and the development of curricula, as well as appropriate infrastructure, has provided a significant foundation upon which the Hue Tourism College is in the process of building, working together with the new project VIE/031. The training school hotel ‘Villa Hue’ provides an ideal learning environment which makes it possible to provide students with practical skills that are vital in hospitality and catering. The teachers are all on a rota there as supervisors in order to keep their skills up to date as well.

As part of the current project, the ‘Villa Hue’ will be enlarged with 20 additional rooms. The project supports capacity-building for the management of these larger facilities and will make it possible to identify new segments of the customer base in order to increase the occupancy rate and thus to help cover the operating costs of the hospitality college.
MISSION
EUNIDA was set up in 2000 as a grouping of EU implementing agencies with a public mandate to develop, manage and implement sustainable development programmes on behalf of the European Commission in complex and fragile settings.

Contracting EUNIDA, means delegating project and programme implementation to a pan-European grouping of Member State agencies rather than to any one Member State in isolation. Building on the collective expertise and resources of its members, it carries out complex technical cooperation and post-conflict programmes, with 232 offices operating in 117 countries and based on over 40 years of experience in the field.

Visibly European
As a pan-European network of agencies combining their capacities and actions, EUNIDA gives a European dimension to all its interventions across the globe and contributes to enhancing the visibility of EU development co-operation.

Rapid
As a group of experienced national agencies working as one, EUNIDA has access to and can mobilize high level public and private experts at short notice, enabling it to be a reliable and efficient partner in emergency and post-crisis situations.

Effective
EUNIDA’s European approach is in line with the Paris Declaration and contributes to development effectiveness by operationalizing the division of labour and the harmonization of practices, and by providing a coordination platform in the field for EU Member States and the European Commission.

Transparent
As agencies with a public mandate, EUNIDA members abide by high standards of financial transparency making EUNIDA a financially reliable contracting partner of the European Commission for the implementation of development cooperation programmes.
Bac Kan Vocational Training and Education

The project aims to improve the capacity and quality of vocational training in Bac Kan through the establishment of a technical and vocational school that will meet the needs for local labour. This objective is being attained through the provision of school infrastructure, pedagogical equipment, the development of the school curriculum and the reinforcement of human resources.

VIE/021
TOTAL BUDGET EUR: 3 530 000
DISBURSED 2010 EUR: 1 620 317
DURATION: 2006 - 2010

Strengthening the Management of Vietnam’s National Blood Cold Chain

Since 1995, Luxembourg has been helping Vietnam to reinforce its cold chain sector for blood. In addition to the provision of equipment, emphasis has always been placed on the maintenance of the equipment, and on training. Luxembourg is also participating in a World Health Organization (WHO) project in order to supply technical assistance to four regional blood transfusion centres.

VIE/024
TOTAL BUDGET EUR: 2 970 000
DISBURSED 2010 EUR: 285 262
DURATION: 2007 - 2011

Development of Capital Markets in Vietnam

In view of the rapid growth in privatisations in Vietnam’s public sector (financial and other sectors) Luxembourg’s Ministry of Foreign Affairs has commissioned LuxDev, working with the Luxembourg Financial Technology Transfer Agency (ATTF), to carry out an economic programme to support the development of the financial markets in Vietnam.

VIE/026
TOTAL BUDGET EUR: 3 300 000
DISBURSED 2010 EUR: 870 681
DURATION: 2008 - 2011
Supporting Policy on Health Care for the Poor in Cao Bang and Bac Kan Provinces

The project’s primary objective is to improve health in Cao Bang and Bac Kan provinces. The specific objective is to increase access to high-quality primary health care for the poor, and appropriate use of such care. Three results are to take into account institutional aspects, supply and demand.

Developing Business with the Rural Poor: Cao Bang Province

The project has been developed to provide national and international technical assistance in order to reinforce existing capacities, thus helping the province of the Cao Bang People’s Committee as well as a number of technical ministries and implementing departments with the implementation of the initiative financed by IFAD, entitled ‘Developing Business with the Rural Poor’.

Western Nghe An Rural Development Project - Phase III

Luxembourg has had a cooperation programme with Nghe An province since 1994, firstly through project VIE/007, ‘Rural Development in Nghe An’, and then with project VIE/014,’Western Nghe An Agricultural Development ’. This project is a phase of consolidating the previous interventions, which is based on the lessons learnt and makes the most of the success of project VIE/014.

VIE/027
TOTAL BUDGET EUR: 5 399 100
DISBURSED 2010 EUR: 243 291
DURATION: 2008 - 2012

VIE/028
TOTAL BUDGET EUR: 6 350 000
DISBURSED 2010 EUR: 503 933
DURATION: 2008 - 2012
EUROPE

KOSOVO
MONTENEGRO
SERBIA
Kosovo has an area of 10 877 km², more than four times that of Luxembourg. The population is estimated at between 1.8 and 2.4 million, the majority being of Albanian descent with a sizeable Serb minority. Kosovo is a landlocked country bordering the Republic of Macedonia, Albania, Montenegro and Serbia.

As some European Union (EU) Member States have not yet recognised Kosovo’s independence, the EU has no official position regarding Kosovo’s status, but has nonetheless deployed a mission under the name of EULEX to assist and support the Kosovan authorities in the spheres of the law, the police, justice and customs services.

Kosovo is part of the SAP, a stabilisation and association process, which constitutes the EU’s political framework for the western Balkan countries, until their possible accession. The SAP has three aims, namely stabilisation and a swift transition to a market economy, the promotion of regional cooperation and the prospect of accession to the EU.

In 2009, GDP per capita reached 1 790 EUR, which is 7.6% of the EU-27 average, as compared with 7.1% in 2008, making Kosovo the poorest country in Europe. Since 2009, economic growth has been increasingly driven by an acceleration in public expenditure. This is in response to the fall in direct foreign investment and the stagnation of the privatisation process. The most active economic sectors in Kosovo are mining, energy and telecommunications.

Kosovo has been able to privatise 50% of its public enterprises in terms of number, and over 90% in terms of value. Minerals and metals - including lignite, lead, zinc, nickel, chrome, aluminium, magnesium, and a wide variety of construction materials which once formed the core of industry, but production has fallen as a result of ageing equipment and insufficient investment. Although Kosovo is rich in mineral resources, agriculture remains the largest economic activity.

With unemployment of over 40% and more than 17% of the population living in extreme poverty, providing access to employment is a fundamental objective of Kosovo’s institutions in order to reduce emigration and undeclared employment.

Even though Kosovo’s economy has progressed significantly during recent years in its transition to a market-based system and in maintaining macro-economic stability, it is still very dependent on the international community and the diaspora for financial and technical assistance. Remittances from the diaspora are the main source of income for a majority of Kosovans and development aid from international and bilateral fund donors accounts on average for 50% of the country’s GDP.
Distribution by sector of the 2010 disbursements

- Water and Sanitation: 3.24%
- Health: 30.30%
- Education - Vocational Training and Access to Employment: 66.46%

Evolution of disbursements in Kosovo (in thousand EUR)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (in thousand EUR)</th>
</tr>
</thead>
<tbody>
<tr>
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<td>1,607.47</td>
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<tr>
<td>2010</td>
<td>2,097.28</td>
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</tbody>
</table>
Strengthening the Health Sector in Kosovo through Interventions in the Prizren District

The aim of the project is to contribute to the implementation of the new national health strategy. It will directly assist Kosovo’s Ministry of Health in developing its structure, processes and tools so that it can fully play its role as facilitator in the implementation of this new strategy.

Support to the Professional Secondary School System in Kosovo

The project, which began in 2010, supports the government’s efforts to contribute to the modernisation of education through reforms in vocational training. It is focusing on the construction and fitting out of two skills centres as well as on the development of the training curriculum and capacity-building for the staff at the centres.

Strengthening Vocational Training in Kosovo

The main beneficiaries of this project are unemployed students aged between 16 and 25. In 2010 the project was granted a budget and time extension in order to reinforce the institutional capacities of the Ministry of Employment and social welfare, which is the main focus of the implementation of the project’s activities.
Montenegro (Crna Gora in Montenegrin) is a young country in southern Europe. It has a 200 kilometre long Adriatic coast and borders with Croatia, Bosnia-Herzegovina, Serbia, Kosovo and Albania. The coastal region has a Mediterranean climate and Alpine skiing conditions are present in the mountains. Montenegro has a population of approximately 630 000, living in mountainous territory with an area of 13 812 square kilometres, over five times the size of Luxembourg.

Once part of the State Union of Serbia and Montenegro, Montenegro proclaimed its independence on 3 June 2006. Five weeks later, Montenegro became the 192nd member state of the United Nations. On 18 January 2007, Montenegro joined the World Bank and the International Monetary Fund.

Montenegro’s natural resources are mainly made up of bauxite, coal and wood. There is significant hydrological potential and the climate is favourable for agriculture and tourism. Tourism is the main source of revenue, together with the metals industry. The country’s economic structure has changed dramatically in recent decades, from a socialist republic within former Yugoslavia with a few heavy industries to an open economy based on the tertiary sector.

Since independence, there has been strong growth in the economy, with an average of 8.7% between 2006 and 2008, stimulated by significant direct foreign investment and strong growth in the number of loans, which have financed considerable internal demand. Montenegro has privatised its aluminium industry - the dominant industry - and most of its financial sector, and has begun to attract major investors in the tourism and transport sectors. However, in 2009, the world crisis hit the economy hard, revealing vulnerabilities in the growth model. Gross domestic product (GDP) reached 3 billion EUR in 2009. In terms of purchasing power parity, per capital GDP amounted to 10 200 EUR in 2009, i.e. 43% of the UE-27 average, as compared with 29% in 2000.

The recorded unemployment rate, which was at 32.7% in 2000, has fallen and was down at 10.7% in 2008 before rising again to 11.9% in 2010, as a result of the crisis. Unemployment remains a key problem, particularly in the north. Approximately 30% of the population is economically vulnerable and there is a significant regional disparity in poverty levels, with 45% of the poor living in the north of the country.

The exceptional wealth of natural resources, particularly in the poor region of the north, represents considerable unexploited potential for growth. The region’s future rests upon tourism, renewable energy, sylviculture and organic products. Given the small size of the internal market, economic growth will mainly depend on the way in which it develops export-oriented industries and tourism in a socially and environmentally responsible manner.
Distribution by sector of the 2010 disbursements

Education - Vocational Training and Access to Employment 33.61%
Agriculture and Food Security 66.39%

Evolution of disbursements in Montenegro (in thousand EUR)

2006: 1,052.83
2007: 1,445.59
2008: 769.76
2009: 1,173.01
2010: 1,950.56
Project YUG/012 began in March 2007 and is now in a two-year extension phase. Its specific objective is 'the improvement of the conditions of the institutional and technical framework for the sustainable development of the forestry sector in Montenegro'. The emphasis has been placed on drafting policies and providing information to support a forestry development strategy and long-term planning.

Under the aegis of the national forestry programme, a forestry policy has been prepared, with the project’s support in terms of technical input, and an extensive consultation of the stakeholders. It was adopted by the government in 2008. In addition, FODEMO (Forestry Development in Montenegro) and the World Bank helped the Ministry of Agriculture in the preparation of the national action plan to combat illegal activities in the forestry sector. It was adopted by the government in 2009. A new forestry law, which deals with the implementation of the policy, was also adopted by the parliament in late 2010. The work is currently focusing on analysing the results of a first national forestry inventory and on updating new planning guidelines for forestry management. The work in the field for the inventory was completed in 2010 within just one season - in itself a remarkable achievement - and the preliminary results will be available later this year.

The project is also supporting a review of the procedures of public forestry institutions, which aims to improve the efficiency and effectiveness of the management of the sector by these institutions. In February 2010, the project supported the organisation by FODEMO of the first forests forum in Montenegro, the largest event ever held in the forestry sector. The aim of the forum was to encourage open debate and the participation of all the stakeholders in the reforms of the forestry sector.

The project’s national coordinator, Dr Milosav Andjelic (Deputy Minister for Forests), and the Chief Technical Adviser, Peter McCarter, attribute FODEMO’s success to the government’s undertaking to abide by its international obligations as a signatory of the Ministerial Conference on the Protection of Forests in Europe (MCPFE) and the support of FODEMO’s team.

The two-year extension of the FODEMO project will make it possible to build on the achievements of the previous stage. It will put the emphasis on establishing a biomass market that will make it possible to provide an economic underpinning for better management of forests of a lower quality, as well as to help Montenegro meet the EU’s targets for sustainable energy production. Improvement of the coordination of the forestry sector and improvement of the public image of forestry are other aims. The project has recently accepted the management of a European project funded by the Instrument for pre-accession assistance to further support capacity-building in the sector.
Support to Vocational Training in Montenegro

The project aims to contribute to the alignment of regional vocational training strategies in the spheres of tourism and agriculture in the north-east region of Montenegro with national sectoral strategies. The renovation of seven vocational schools is also planned with the aim of improving working conditions there and adapting them to the new curricula.

MNE/011

TOTAL BUDGET EUR: 4 100 000
DISBURSED 2010 EUR: 654 317
DURATION: 2009 - 2013
The Republic of Serbia is a landlocked country located at the crossroads of Central and Southern Europe, covering the southern part of the Carpathian basin and the central part of the Balkans. Serbia’s population is estimated to be 7,498,000 people.

After the referendum on independence in Montenegro in May 2006, followed by an official declaration of independence from the Union of Serbia and Montenegro, Serbia became a sovereign independent republic.

Serbia is a potential candidate for accession to the European Union (EU). On 29 April 2008 Serbia signed a stabilisation and association agreement and an interim agreement on trade and trade-related issues with the EU. On 22 December 2009 Serbia officially applied to the EU for membership.

Since 2000, Serbia’s economy has begun to recover, since it suffered considerably during the 1990s as a result of the conflicts in the region and the embargo imposed on the economy. Serbia has moved forward towards a fully functioning market economy where successive governments have put in place reforms to liberalise the markets.

The largest sectors of the Serbian economy include agriculture, metallurgy, mining, hydroelectric energy, consumer goods, cars, pharmaceutical products and oil and chemical products. Its main trade partners in terms of exports are Bosnia-Herzegovina (12.2%), Montenegro (11.7%) and Germany (10.4%). With regard to imports, its main trade partners are the Russian Federation (15.3%), Germany (11.8%) and Italy (9.5%).

Whereas economic growth in the past was driven by internal demand, it has recently been due more to the increase in exports. This change should be built upon, based on industrial production that should be strengthened. In 2009, Serbian GDP fell by 3% in real terms as a result of the world economic crisis. This triggered an interruption to a period of sustained growth with an average annual rate of 6% recorded between 2005 and 2008. Per capita GDP in 2009 (in purchasing power parity) amounted to 37% of the EU-27 average, as compared with 33% in 2007.

Although economic activity has gradually recovered, the situation on the employment market worsened in 2010. According to the national labour survey carried out in April 2010, the unemployment rate has climbed to a historic peak of 19.2%.

Although Serbia is an emerging country, it is still a beneficiary of significant international aid, with over 20 international donors supporting development programmes in Serbia. Between 2000 and the present, the international community has contributed the sum of 4.5 billion EUR to aid programmes for Serbia.
Distribution by sector of the 2010 disbursements

Water and Sanitation: 100%

Evolution of disbursements in Serbia (in thousand EUR)

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<tr>
<th>Year</th>
<th>Disbursements (in thousand EUR)</th>
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<tbody>
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<td>2008</td>
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<td>2010</td>
<td>453.60</td>
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Support to Novi Pazar Municipality - Phase II

<table>
<thead>
<tr>
<th>SRB/013</th>
</tr>
</thead>
</table>
| **TOTAL BUDGET EUR:** | 4 500 000  
| **DISBURSED 2010 EUR:** | 453 596  
| **DURATION:** | 2009 - 2012 |

The project’s objective is to improve and achieve a reliable and sustainable supply of water, at a socially and economically acceptable price, to the population of Novi Pazar through the overhauling and enlarging of the existing water supply system.
<table>
<thead>
<tr>
<th>Country</th>
<th>Total Budget EUR</th>
<th>Disbursed 2009 EUR</th>
<th>Disbursed 2010 EUR</th>
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<td>Senegal</td>
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<td>9 964 147</td>
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<td>Mali</td>
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<td>Regional Africa</td>
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<td><strong>HANOI OFFICE</strong></td>
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<td>5 984 668</td>
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<td>Laos</td>
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<td>Ecuador</td>
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<td>Niger</td>
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<td><strong>PRISTINA OFFICE</strong></td>
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<td>Montenegro</td>
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<td>Namibia</td>
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<td>Rwanda</td>
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<td>Tunisia</td>
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<td><strong>VARIOUS</strong></td>
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<td>AAA, EUR, MAE</td>
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<td><strong>TOTAL</strong></td>
<td>617 954 259</td>
<td>70 882 048</td>
<td>74 131 798</td>
</tr>
</tbody>
</table>
A network of practitioners...

The network is an open-platform for exchange, coordination and harmonisation between practitioners in the field of European Development Cooperation. Our ultimate goal is to improve and promote harmonised and joint activities between all the European actors, on the implementation level.

...a European initiative

We represent European Donor Agencies and Administrations who are directly involved in implementing development aid. We share experiences, good practices and tools and aim at developing joint operations, in order to deliver a specific European contribution to achieving higher levels of effectiveness in poverty reduction. Thereby, the EU, who is already the world major donor, will also be collectively a more efficient and innovative actor. The guiding principles, working methods and organisational structure of the network are described in the Charter.

Progress in Development Cooperation

http://www.dev-practitioners.eu
The international context of development aid has changed significantly over the last five years. The increase in the volume of aid, the improvement in aid effectiveness and capacity-building have become issues for debate and reflection taken into account by all donors and beneficiaries.

How has LuxDev, as the implementing agency of Luxembourg’s bilateral development cooperation, prepared itself to respond to these new demands?

In Luxembourg, we have come from further away than other countries, which started to make changes to their development cooperation earlier on. We applied a project approach for a long time, while other countries had already embarked upon programme approaches, sectoral approaches, or budgetary support. The expectation with regard to LuxDev was, above all, about constructing schools and hospitals.

Since the Paris Declaration on aid effectiveness (2005) and the Accra Agenda for Action (2008), signed by Luxembourg, and the review by peers of Luxembourg development cooperation within the framework of the OECD’s Development Assistance Committee in 2008, Luxembourg development cooperation has evolved swiftly.

I believe that LuxDev has shifted from being an implementing agency to a cooperation agency. We are no longer an organisation which takes sole responsibility for a piece of infrastructure being completed. We work with our partners in the developing countries. Our interventions are aligned with the framework of national policies and sectoral strategies and we support our partners to implement the policies defined by their governments. Our priority is to see how we can confer responsibilities to our partners and support them to enable them to attain the objectives they have set themselves.

How far has the Agency’s remit evolved, particularly with regard to the services offered to its principal, which is the Ministry of Foreign Affairs, and relations with its partners in the beneficiary countries?

LuxDev has the task of translating, in the field, the declarations and commitments made at the political level. In order to do this, the Agency attempts to develop resources and capacities that will enable it to respond to the new expectations.

Thus, the role of programme officers at the Agency’s head office has significantly evolved. No longer do they organise calls for tender for works or the supply of equipment, but they monitor interventions in terms of the overall picture; they participate in the formulations of projects and programmes, working together with the regional offices. Their work is now more conceptual than technical.

With regard to relations with our partners, we have come a long way. It is now the national counterpart which is responsible for the implementation of interventions, through operational partnership agreements (OPAs). Responsibility is delegated to partners working within their own systems and applying national procedures. LuxDev experts have an advisory and support role. Five or six years ago, we used to speak of the ‘leader’. Now, we speak of the technical adviser.

These changes have significant implications for the management of programmes. Specifically, LuxDev is no longer in charge of the timetable, which can lead to longer delivery times. The Ministry of Foreign Affairs was the body that asked us to change our way of working, and it understands and accepts the implications of this.
In terms of internal organisation and management, what tools has the Agency equipped itself with to take these changes into account? What effects have they had on its method of operation?

A key stage in the internal organisation of LuxDev was the creation of a Quality and Evaluation Department with the aim of acquiring sectoral and cross-cutting expertise internally, to support the operational teams; this was something that did not exist previously.

Another important element is the decentralisation process, which has resulted in the transfer of many responsibilities that were formerly fulfilled by the headquarters to the regional offices.

The quality process conducted within the Agency has enabled it to organise and streamline its internal methods and processes and has its ability to adapt to changes.

At the operations management level, as I have already indicated, the role of programme officer has evolved. To support this change, the Agency has set up a continuing training system.

With regard to administration and finances, in the past LuxDev managed all disbursements directly, through its field accounting system. With the creation of OPAs, the system has changed completely. The local partners have been given responsibility and performance is no longer directly a matter for LuxDev. In order to achieve this, the Agency introduced a risk analysis system which evaluates the situation before the signing of each OPA, and it carries out ex post checks. For us this means a radical change in the way we operate.

LuxDev is part of several international networks, such as EUNIDA and Train4Dev. What role do these networks play in LuxDev’s thinking about and adaptation to the new demands, and what contribution can the Agency make to its partners?

At this stage, LuxDev’s contribution is still quite limited. We have relatively few resources in comparison with the large development cooperation agencies in Germany, France or Belgium, for instance. LuxDev, however, acts as president of Train4Dev, which is an inter-agency network for skills development.

On the other hand, the Agency benefits greatly from the networks, which allow it to acquire skills through exchanges of experience or participation in seminars. This also gives us an alternative vision and opens up new opportunities to us.

What lessons can be learnt from experiences such as introducing the OPAs and placing the emphasis on building the capacities of the partner institutions? What are the main directions/future prospects envisaged by the Agency to continue to respond to international changes?

We are aware, for example, that several operations take more time than they used to. The OPA is a new tool and time is needed to become familiar with it. In general, national procedures are also longer than ours. However, overall the feedback from our partners is very positive. When problems arise, we look together with our partners at how we can resolve them and in this respect capacity-building plays a vital role.

The OPA system is currently being evaluated. LuxDev is monitoring the results of this exercise very closely and will continue to adapt the tool and, more generally, its way of working.

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**Definition**

**Train4Dev**

In April 2009, LuxDev became a member of the Train4Dev network named ‘Joint Donors’ Competence Development Network’, the objective of which is to promote aid effectiveness through better cooperation between the various donors to develop their skills and those of their partners.

**EUNIDA**

EUNIDA (European Network of Implementing Development Agencies) is a network that brings together development cooperation agencies of various Member States of the European Union (EU), and which is established as a European Economic Interest Grouping (EEEG). With EUNIDA, the European Union has an entity which brings together the resources of European development cooperation agencies centrally with the aim of carrying out international development cooperation actions.
My experience as a JTA (Junior Technical Assistant)

My experience as a JTA, in Praia in Cape Verde, began in the hubbub of being a volunteer in Peru for an Austro-Peruvian NGO. This was my first professional role after my studies in communication sciences, and a very valuable and enriching experience for me.

My work in a disadvantaged district of Lima enabled me to be very close to the people, and to see the needs and the impact of such important work. I was welcomed with an ungrudging kindness that I had never known before. I shared their daily lives, their culture, their joys and their sufferings. It was during these eight months that I decided to continue working in the world of development cooperation.

Back in Luxembourg, I found out about the Luxembourg development cooperation apprenticeship programme. On the basis of a rather comprehensive application file, young Luxembourg residents can apply for a one-year internship at LuxDev, the Luxembourg Agency for development cooperation. These internships are carried out in one of the target countries for Luxembourg development cooperation. After having got to know direct development cooperation in Peru, I had the opportunity, this time, to find out about the mechanisms intrinsic to bilateral and multilateral development cooperation.

My application was accepted for a placement in Cape Verde, and specifically in the project CVE/075 – Health and School Canteens within FICASE (Fundação Cabo-verdiana de Acção Social Escolar – Cape Verdean Foundation for Social and Educational Action). The project consists of reinforcing the technical capacities of FICASE. In particular, this support is given to the delivery of the national school health programme and the national school food programme. The communication aspect is, of course, a trump card in this health programme.

When I arrived in October 2010, the project was coming to the end of its launch stage. This stage consisted, firstly, in the harmonisation of the project with the United Nations’ World Food Programme’s subprogramme ‘Food Security and School Nutrition’, also financed by the Luxembourg government within the framework of multilateral development cooperation.

After this stage, an organisational restructuration was deemed necessary to reinforce capacities and make the work more effective. In the second stage, resources were mobilised to develop a communication strategy on the subject of school health.

Now, this strategy needs to be implemented.

This is where my work starts.

One of the activities envisaged in the project document was support for local IEC (Information, Education, Communication) initiatives for school health and nutrition. All local activities designed to improve and change behaviour to benefit health and nutrition are eligible for funding. Here, children are the direct beneficiaries of these efforts. Within the framework of an OPA (Operational Partnership Agreement) this activity is carried out; in other words, funds are made available to the main partner, which takes responsibility for delivering it.
In support of delivery, a decision was taken to hold a public competition for the funding of microproejts. I have many duties relating to this OPA:

- drafting the competition’s terms of reference with the partner;
- supporting the budgeting and planning of the delivery procedures for the competition and the activities;
- monitoring the activities and financing of the microproejts;
- drafting mid-term reports and participating in the evaluation of the fulfilment of the OPA.

To summarise, my placement enables me to get to know nearly all the project management tools and mechanisms.

The response to the competition has been incredible. In this, the first time the competition has been held (the plan is for five competitions to be held in total), over 150 entities have participated with their projects. It has not been easy to select projects. From my office in Praia, it is very difficult to make a judgement about the urgency or the genuine advisability of funding the projects submitted. A selection committee has chosen a large number of projects to conclude this first competition, in the knowledge that more funds will be available later.

All the projects selected are considered to be sustainable. A large number of activities have been put forward for achieving the ambitious objectives:

- radio and drawing competitions;
- plays;
- round tables;
- training of teachers and parents;
- environmental conservation activities;
- awareness-raising campaigns.

The aspect that I like a lot in the delivery of this project is that the results will be visible to me, and will not just be abstract, with an institutional existence. By following the activities of the projects and being able to go to the field to visit what has been achieved there, I can observe the effects directly.

For my part, in professional terms I have been able to gain experience at several levels. I have had the opportunity to work in an environment which is normally reserved for experts. I have also learnt to organise and plan my work, which makes me more effective. I have had an overview of project management tools and mechanisms which are hard to grasp. I have had to learn a language I did not know, and in this way I have improved my language skills markedly. I have had the opportunity to live in a different cultural context and to enrich my personal experience through a bewitching culture, and to make new acquaintances.

Overall, the JTA experience is one that I would recommend without hesitation to all young people. I am proud to be able to contribute to the development of Cape Verde, even if this is only a drop in the ocean.
FINANCES
Company situation

In 2010, the total disbursements made for the 129 projects and programmes managed by the Agency amounted to 74 131 798 EUR, of which 72 342 651 EUR was on behalf of the Luxembourg state, as compared with 70 882 048 EUR in 2009, namely an increase of 4.58%.

To cover operating costs in relation to the implementation of projects and programmes, the Agency has a budget made available by the Luxembourg state of 9 136 143 EUR for 2010, of which 9 025 198 EUR was called upon during the financial year 2010.

As at 31 December, the Agency had 109 co-workers (the same figure as in 2009), distributed as follows: 54 at head office and 55 in the field, including in the six regional offices.

The Agency operates regional offices in Praia, Dakar, Ouagadougou, Pristina, Hanoi and Managua.

In 2010, there were 10 privileged partner countries: Cape Verde, Senegal, Mali, Burkina Faso, Niger, Namibia, Vietnam, Laos, Nicaragua and El Salvador. The Agency remained operational in five other countries, namely Kosovo, Montenegro, Serbia, Rwanda and Mongolia.

The Agency ended the financial year 2010 with a profit of 53 128 EUR after re-conveyance to the state.

Development of business

For 2011, the Ministry of Foreign Affairs has set aside a total budget amount of 76 500 000 EUR (85 000 000 EUR in 2010) for the Agency for the performance of its projects and programmes.

To cover operating costs in relation to the implementation of the projects and programmes, the Board of Directors has approved a budget of 9 220 115 EUR for the Agency for 2011.

In 2011, the Agency anticipates that the number of co-workers will be substantially identical to the number as at 31 December 2010.
Other significant fact

The security situation has deteriorated considerably in two of Luxembourg development cooperation’s partner countries: Mali and Burkina Faso. On the other hand, Niger seems to be becoming more stable, with the democratic election of a new president and a new parliament on 12 March 2011. These events are likely to have an impact on the Agency’s disbursements in 2011.

Important events that have occurred since the end of the financial year

No important event has occurred since the closure of the annual accounts as at 31 December 2010.

Luxembourg, 25 May 2011

THE BOARD OF DIRECTORS
# Balance Sheet

**31 December 2010**

## Assets

### Fixed Assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concessions, patents, licences and trade marks</td>
<td>21 577.00</td>
<td>29 500.22</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land and buildings</td>
<td>16 697.82</td>
<td>25 185.50</td>
</tr>
<tr>
<td>Other fixtures and fittings</td>
<td>184 020.49</td>
<td>192 635.38</td>
</tr>
<tr>
<td><strong>TOTAL FIXED ASSETS</strong></td>
<td><strong>222 295.31</strong></td>
<td><strong>247 321.10</strong></td>
</tr>
</tbody>
</table>

### Current Assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<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 one year</td>
<td>550 713.79</td>
<td>401 170.4</td>
</tr>
<tr>
<td>Other receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- due date less than one year</td>
<td>583 678.97</td>
<td>261 047.00</td>
</tr>
<tr>
<td>Cash at bank, cash in postal cheque accounts, cheques and cash in hand</td>
<td>2 312 081.30</td>
<td>1 715 496.24</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td><strong>3 446 474.06</strong></td>
<td><strong>2 377 713.64</strong></td>
</tr>
</tbody>
</table>

### Accruals and Deferred Income

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL DE L’ACTIF</strong></td>
<td><strong>3 883 933.85</strong></td>
<td><strong>2 672 617.28</strong></td>
</tr>
</tbody>
</table>
## Balance Sheet as at 31 December 2010

### Liabilities

#### Own Capital

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscribed capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- company capital</td>
<td>250 000.00</td>
<td>250 000.00</td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- statutory reserve</td>
<td>25 000.00</td>
<td>25 000.00</td>
</tr>
<tr>
<td>- other reserves</td>
<td>38 000.00</td>
<td>38 000.00</td>
</tr>
<tr>
<td>Profit or loss brought forward</td>
<td>497 763.09</td>
<td>461 616.38</td>
</tr>
<tr>
<td>Profit or loss for the financial year</td>
<td>53 127.52</td>
<td>36 146.71</td>
</tr>
<tr>
<td><strong>Total Own Capital</strong></td>
<td><strong>863 890.61</strong></td>
<td><strong>810 763.09</strong></td>
</tr>
</tbody>
</table>

#### Provisions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions for taxation</td>
<td>24 603.99</td>
<td>4 759.32</td>
</tr>
<tr>
<td>Other provisions</td>
<td>1 530 197.35</td>
<td>968 236.43</td>
</tr>
<tr>
<td><strong>Total Provisions</strong></td>
<td><strong>1 554 801.34</strong></td>
<td><strong>972 995.75</strong></td>
</tr>
</tbody>
</table>

#### Creditors

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- due date less than one year</td>
<td>312 840.77</td>
<td>184 285.00</td>
</tr>
<tr>
<td>Tax and social security creditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- tax creditors</td>
<td>119 485.02</td>
<td>177 680.29</td>
</tr>
<tr>
<td>- social security creditors</td>
<td>276 760.93</td>
<td>192 711.05</td>
</tr>
<tr>
<td>Other creditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- due date less than one year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• re-conveyance to the Luxembourg state</td>
<td>522 604.46</td>
<td>156 797.70</td>
</tr>
<tr>
<td>• re-conveyance to the Luxembourg state</td>
<td>212 510.07</td>
<td>144 586.83</td>
</tr>
<tr>
<td><strong>Total Creditors</strong></td>
<td><strong>1 444 201.25</strong></td>
<td><strong>856 060.87</strong></td>
</tr>
</tbody>
</table>

#### Accruals and Deferred Liabilities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>3 883 933.85</strong></td>
<td><strong>2 672 617.28</strong></td>
</tr>
</tbody>
</table>
# Profit & Loss Account

**FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2010**

## Charges

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross expenditure</td>
<td>2 529 917.95</td>
<td>2 513 881.38</td>
</tr>
<tr>
<td>Re-conveyance to the Luxembourg state</td>
<td>212 510.07</td>
<td>144 586.83</td>
</tr>
<tr>
<td>Costs arising from temporary associations</td>
<td>152 915.45</td>
<td>33 105.08</td>
</tr>
<tr>
<td><strong>Staff costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>5 942 051.07</td>
<td>6 089 329.24</td>
</tr>
<tr>
<td>Social security costs for wages and salaries</td>
<td>782 769.01</td>
<td>657 124.72</td>
</tr>
<tr>
<td>Additional allowances</td>
<td>134 288.42</td>
<td>94 170.51</td>
</tr>
<tr>
<td><strong>Total staff costs</strong></td>
<td>6 859 108.50</td>
<td>6 840 624.47</td>
</tr>
<tr>
<td>Value adjustments in respect of formation expenses and tangible and intangible fixed assets</td>
<td>109 872.62</td>
<td>99 596.00</td>
</tr>
<tr>
<td>Other operating charges</td>
<td>432 142.37</td>
<td>0.00</td>
</tr>
<tr>
<td>Interest payable and other financial charges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other interest and charges</td>
<td>17 291.14</td>
<td>20 368.17</td>
</tr>
<tr>
<td>Extraordinary charges</td>
<td>4 647.33</td>
<td>0.00</td>
</tr>
<tr>
<td>Tax on profit and loss</td>
<td>15 629.67</td>
<td>1 414.32</td>
</tr>
<tr>
<td>Other taxes not shown under the above items</td>
<td>4 215.00</td>
<td>7 210.00</td>
</tr>
<tr>
<td><strong>Profit for the financial year</strong></td>
<td>53 127.52</td>
<td>36 146.71</td>
</tr>
<tr>
<td><strong>Total Charges</strong></td>
<td>10 391 377.62</td>
<td>9 696 932.96</td>
</tr>
</tbody>
</table>
## Profit & Loss Account

For the financial year ended on 31 December 2010

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net turnover</td>
<td>9 068 856.11</td>
<td>8 528 659.39</td>
</tr>
<tr>
<td>Other operating income</td>
<td>1 142 620.30</td>
<td>1 117 057.88</td>
</tr>
<tr>
<td>Income from consortia</td>
<td>152 915.45</td>
<td>33 105.08</td>
</tr>
<tr>
<td>Other interest and other financial products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>other similar interest and income</td>
<td>26 985.76</td>
<td>18 110.61</td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td>10 391 377.62</td>
<td>9 696 932.96</td>
</tr>
</tbody>
</table>
Many thanks to all the authors of pictures in the projects section. For reasons of space, we are not able to mention them all.

Country texts were complemented with information from the Word Factbook 2011, Washington DC.

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