

## BELGIUM

### Development challenges as investment and business opportunities: Belgium's policy and practices

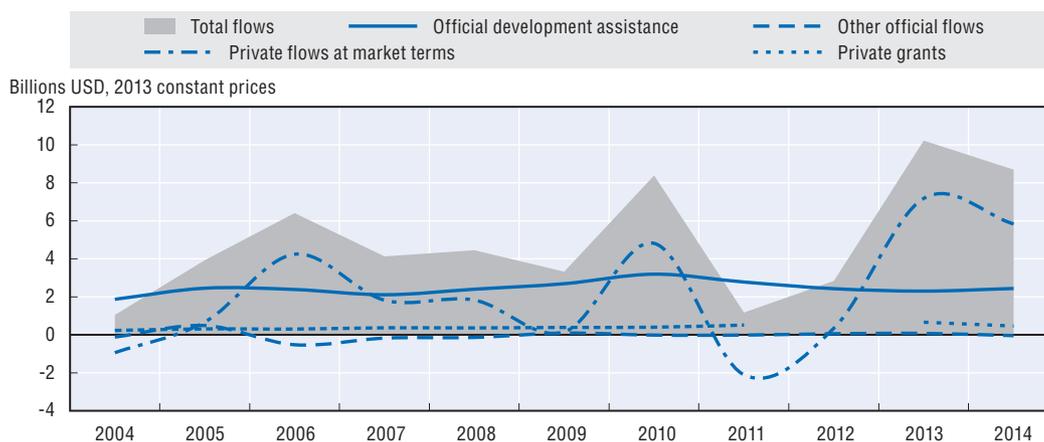
Belgium has been reinforcing its approach to leveraging official development assistance (ODA) and other instruments to increase private investment for development – particularly for the local private sector in developing countries. A number of official instruments have been developed. The Belgian Investment Company for Developing Countries (BIO), the national development finance institution, is the main instrument and focuses on supporting local private sector companies.

BIO's early-stage capital amounts to EUR 5 million. Since its creation in 2001, the Ministry of Foreign Affairs made additional contributions amounting to approximately EUR 700 million to serve its investment portfolio. Financial contributions made by BIO are not conditioned by the involvement of other Belgian players of any type (companies, banks, etc.), but do not exclude it either. The 2015 DAC Peer Review of Belgium recommended that it further strengthen the development impact of BIO's investments and ensure that its other official instruments for leveraging private investments for developing countries also contribute to sustainable development.

According to the 2015 DAC Survey on Mobilisation (Benn et al., 2016), Belgium mobilised USD 18 million from the private sector through syndicated loans and shares in collective investment vehicles in 2012-14, of which 69% targeted climate-related projects.

### Financial flows from Belgium to developing countries

Figure 11.1. Net resource flows to developing countries, 2004-14, Belgium



Note: Data on private grants are not available for 2012.

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### Belgium uses ODA to mobilise other resources for sustainable development

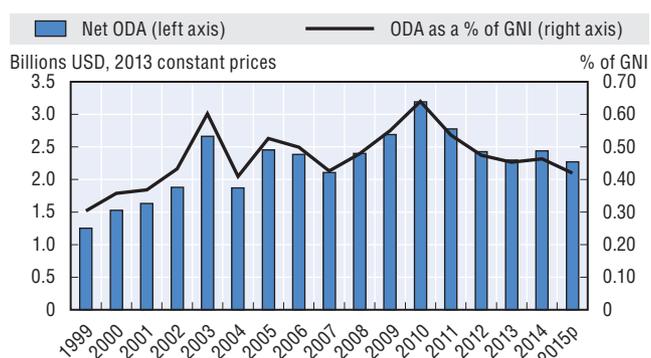
- **Belgium contributes to the mobilisation of domestic resources in developing countries by supporting their tax systems.** In 2014, it is estimated that Belgium committed USD 2.65 million of its ODA to tax-related activities in partner countries.
- **It promotes aid for trade to improve developing countries' trade performance and integration into the world economy.** It committed USD 277.3 million to aid-related activities in 2014 (25.3% of its bilateral allocable ODA), a 37.5% increase in real terms from 2012. The trend has been positive over the past few years.
- **Belgium has pledged USD 82.5 million (EUR 61.6 million) to the Green Climate Fund,** which plays a key role in channelling resources to developing countries and catalysing climate finance at the international and national levels.

## Belgium's official development assistance

In 2015, Belgium delivered USD 1.9 billion in net ODA (preliminary data), which represented 0.42% of gross national income (GNI) and a fall of 7.8% in real terms from 2014. Belgium is the 10th largest Development Assistance Committee (DAC) provider in terms of ODA as a percentage of GNI, and the 15th in terms of volume. The outlook for growth in Belgium's ODA is negative. The government's commitment to reach the target of 0.7% ODA/GNI is included in law; however, the 2015 budget announced significant cuts up until 2019. Belgium's share of untied ODA (excluding administrative costs and in-donor refugee costs) was 96.7% in 2014 (down from 98.1% in 2013). The 2014 DAC average was 80.6%. The grant element of total ODA was 99.9% in 2014.

Belgium reported USD 186.7 million of its in-donor refugee costs as ODA in 2014. These costs represented 7.6% of its total net ODA.

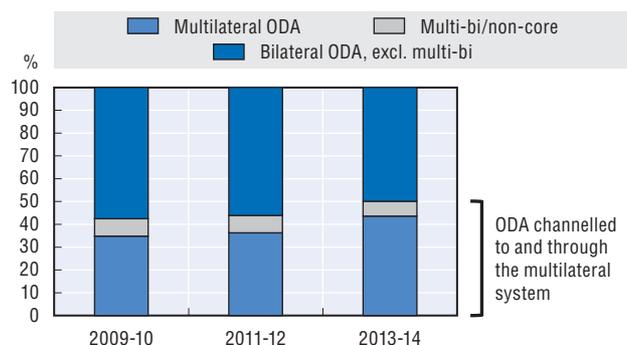
Figure 11.2. Net ODA: Trends in volume and as a share of GNI, 1999-2015, Belgium



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In 2014, 54.8% of ODA was provided bilaterally. Belgium allocated 45.2% of total ODA as core contributions to multilateral organisations, compared with the DAC country average of 28.3%. In addition, it channelled 9.7% of its bilateral ODA for specific projects implemented by multilateral organisations (multi-bi/non-core).

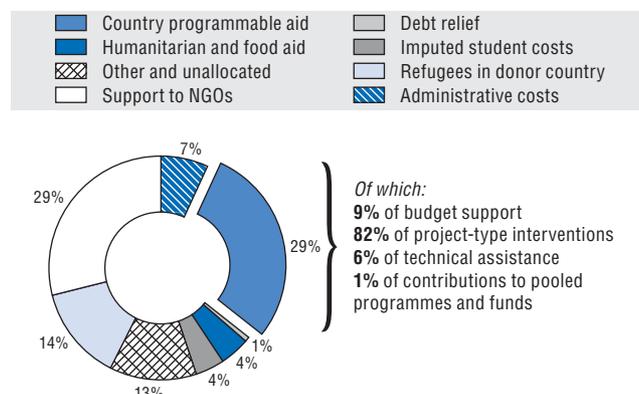
Figure 11.3. Share of ODA channelled to and through the multilateral system, two year averages, gross disbursements, Belgium



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In 2014, 28.8% of bilateral ODA was programmed at partner country level. The share of country programmable aid (CPA) was low compared with the DAC country average (52.9%) in 2014. Project-type interventions accounted for 82% of CPA.

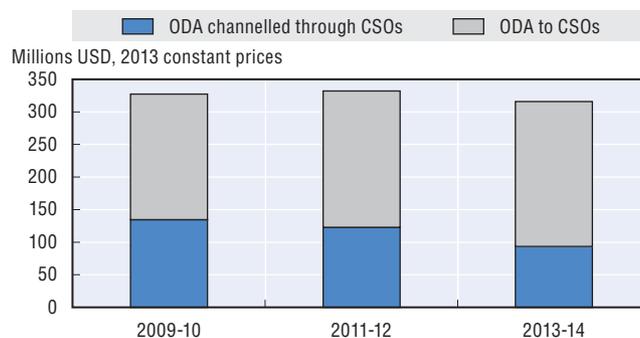
Figure 11.4. Composition of bilateral ODA, 2014, gross disbursements, Belgium



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In 2014, USD 310.7 million of bilateral ODA was channelled to and through civil society organisations (CSOs). This was equivalent to 22.7% of Belgium's bilateral ODA, compared with the DAC average of 17.4%. Belgium's aid channelled to and through CSOs decreased between 2013 and 2014, both in terms of volume (-4%) and as a share of bilateral aid (from 23.6% to 22.7%).

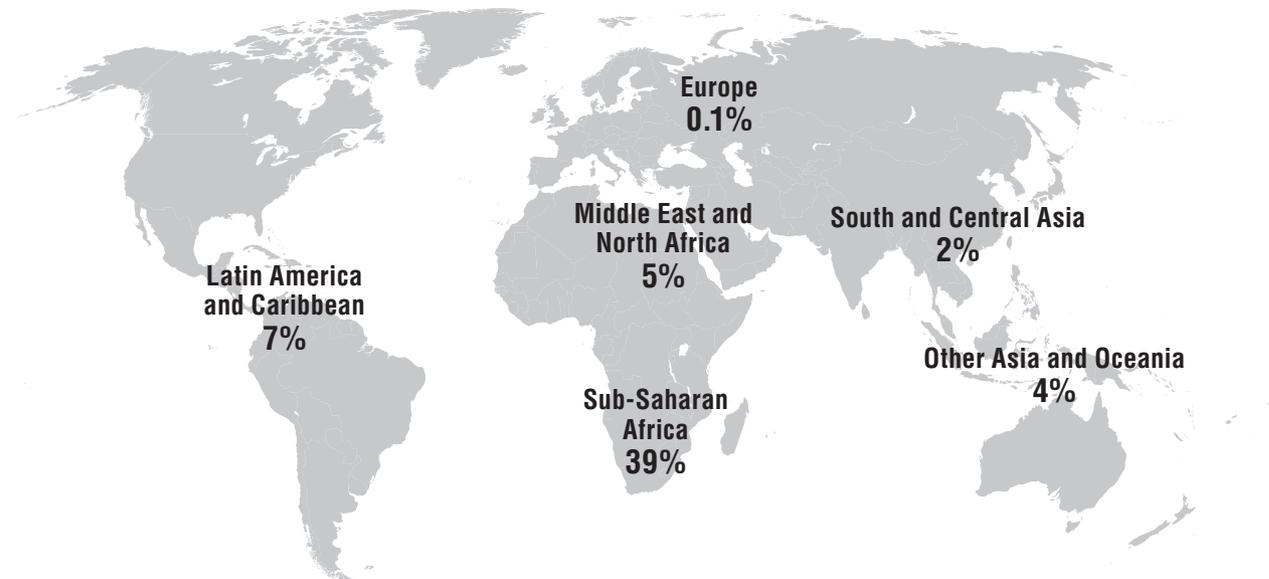
Figure 11.5. Bilateral ODA to and through CSOs, two year averages, gross disbursements, Belgium



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**Bilateral ODA in 2014 was primarily focused on sub-Saharan Africa**, with USD 511.8 million allocated to this region. USD 295 million (or 39%) of Belgium’s aid to sub-Saharan Africa was allocated to the Great Lakes region, which is a priority for Belgian development co-operation.

Figure 11.6. Share of bilateral ODA by region, 2013-14 average, gross disbursements, Belgium



Note: 43% of bilateral ODA allocated was unspecified by region in 2013-14. This share is not represented on the map.

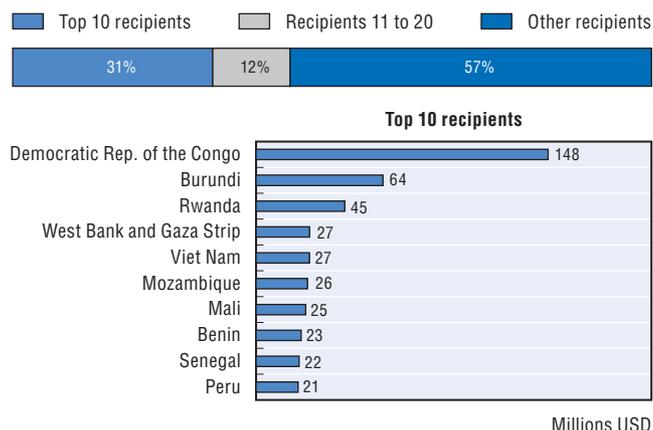
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**In 2014, 29.9% of bilateral ODA went to Belgium’s top 10 recipients.** Eight of its 14 priority partner countries are among its top 10 recipients. The Democratic Republic of the Congo, Burundi and Rwanda are among its top 5 recipients. Belgium’s support to fragile states reached USD 437 million in 2014, accounting for 31.9% of gross bilateral ODA.

**In 2014, 35.1% of Belgium’s bilateral ODA was allocated to least developed countries (LDCs),** amounting to USD 480 million. This is a decrease from 37% in 2013, but remains higher than the 2014 DAC average of 25.6%. LDCs received the highest share of bilateral ODA in 2014, noting that 47.1% was unallocated by income group.

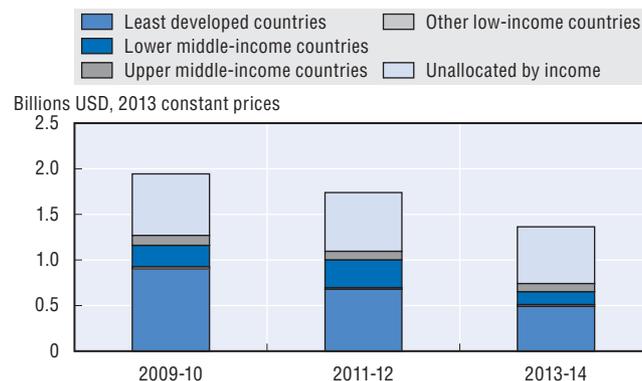
At 0.16% of GNI in 2014, Belgium’s total ODA to LDCs surpassed the UN target of 0.15% of GNI.

Figure 11.7. Bilateral ODA to top recipients, 2013-14 average, gross disbursements, Belgium



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Figure 11.8. Bilateral ODA by income group, two year averages, gross disbursements, Belgium



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In 2014, 35.4% of bilateral ODA was allocated to social infrastructure and services, for a total of USD 516.8 million. There was a strong focus on health (USD 173.8 million), government and civil society (USD 131.5 million), and education (USD 106.2 million). Humanitarian aid amounted to USD 59.5 million.

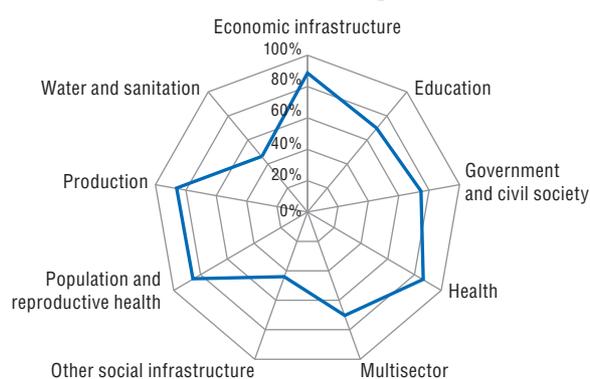
Figure 11.9. Share of bilateral ODA by sector, 2013-14 average, commitments, Belgium



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**USD 786.2 million of bilateral ODA supported gender equality.** Gender equality is a cross-cutting theme in Belgian development co-operation, which in 2013 approved its second National Action Plan for Women, Peace and Security. This plan places a strong emphasis on preventing and combating gender-based violence in conflict and post-conflict zones. In 2014, 73.61% of Belgium's bilateral allocable aid had gender equality and women's empowerment as a principal or significant objective, compared with the DAC country average of 34.7%. This is an increase from 70.6% in 2013 and 38.2% in 2009. Belgium's aid to population and reproductive health, productive sectors, economic infrastructure and health mainly focus on gender.

Figure 11.10. Share of bilateral allocable ODA in support of gender equality by sector, 2014, commitments, Belgium



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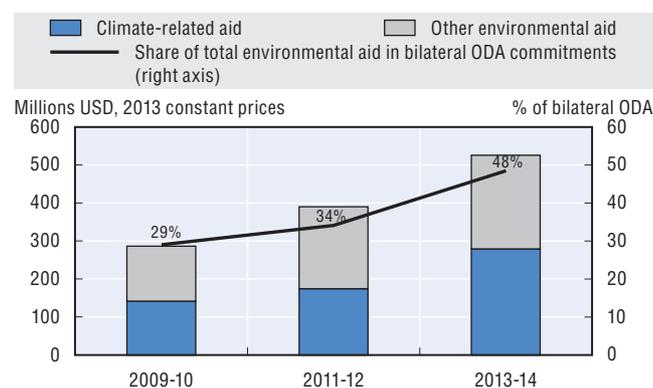
Note to reader: Annex B provides "Methodological notes on definitions and measurement for the Profiles of Development Assistance Committee members".

## Reference

OECD (2015), *OECD Development Co-operation Peer Reviews: Belgium 2015*, OECD Development Co-operation Peer Reviews, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264239906-en>.

**USD 577.3 million of bilateral ODA supported the environment in 2014.** The environment and climate change are cross-cutting themes for Belgium, which is also reinforcing its strategy and resources for making progress. The share of environment-focused bilateral aid has been increasing since 2007. In 2014, 52.7% of its bilateral allocable aid supported the environment and 27.8% focused particularly on climate change, compared with the respective DAC country averages of 32.2% and 23.9%.

Figure 11.11. Bilateral allocable ODA in support of global and local environment objectives, two year averages, commitments, Belgium



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