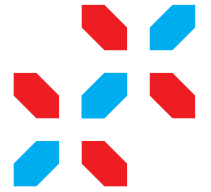


LUXEMBOURG
AID & DEVELOPMENT



**LUXEMBOURG'S
GENERAL DEVELOPMENT
COOPERATION STRATEGY**

THE ROAD TO 2030



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ABBREVIATIONS AND ACRONYMS

| | |
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| 3D | Diplomacy, Development and Defence |
| AfDB | African Development Bank |
| AIIB | Asian Infrastructure Investment Bank |
| BEPS | Base Erosion and Profit Sharing |
| BPF | Business Partnership Facility |
| CERF | Central Emergency Response Fund |
| COP | Conference of the Parties |
| ETC | Emergency Telecommunications Cluster |
| EU | European Union |
| FfD | Financing for Development |
| GNI | Gross National Income |
| GPEDC | Global Partnership for effective Development Cooperation |
| ICD | Interministerial Committee for Development Cooperation |
| ICP | Indicative Country Programme |
| ICRC | International Committee of the Red Cross |
| ICT | Information and Communication Technology |
| ICSD | Inter-departmental Commission on Sustainable Development |
| LDC | Least Developed Countries |
| MAEE | Ministry of Foreign and European Affairs (Ministère des Affaires étrangères et européennes) |
| MDB | Multilateral Development Bank |
| MOPAN | Multilateral Organisation Performance Assessment Network |
| NATO | North Atlantic Treaty Organisation |
| NGO | Non-Governmental Organization |
| ODA | Official Development Assistance |
| OECD | Organisation for Economic Cooperation and Development |
| OECD-DAC | OECD-Development Assistance Committee |
| OSCE | Organisation for Security Co-operation in Europe |
| PNDD | Luxembourg National Plan for Sustainable Development (Plan National de Développement Durable) |
| SDG | Sustainable Development Goal |
| SIDS | Small islands and developing states |
| SRHR | Sexual and reproductive health and rights |
| UN | United Nations |
| UNHCR | United Nations High Commission for Refugees |
| WFP | World Food Programme |

KEY MESSAGES

Context

A new development cooperation landscape, a new general strategy for Luxembourg development cooperation. The development landscape is changing, faster than ever before. While poverty levels have declined overall, extreme poverty is increasingly concentrated in fragile and conflict-affected areas. The consequences of global climate change, pandemics as well as conflicts, leading among others to an increase in forced displacements, refugee movements and migration, are becoming more widespread. To reflect the greater scale and complexity of these global challenges and to contribute to global stability and security, Luxembourg elaborated a new general development cooperation strategy. This document defines the framework, key priorities and actions for Luxembourg development cooperation to increase its overall impact and results on the ground.

Luxembourg's commitment to development cooperation is driven by global solidarity and guided by its values and interests. The challenges faced in an increasingly complex and hyper-connected world, which cannot be addressed by any one country alone, form the foundation for Luxembourg's ongoing commitment to development cooperation. This is why Luxembourg considers development cooperation as a key pillar of its foreign policy's 3D approach (diplomacy, development and defence) and therefore actively engages with multilateral organisations, while supporting ongoing reforms in the international development system and promoting global efforts towards poverty eradication, environmental sustainability and human rights. Luxembourg shares the values and principles promoted by and through the European Union's Common Foreign and Security Policy. The EU and its member countries have a unique position as the world's largest donor in terms of development aid to represent and enhance Luxembourg's voice and interests at the global level.

The main objective of Luxembourg's development cooperation is to contribute to the eradication of extreme poverty and the promotion of economic, social and environmental sustainability. To achieve this objective, Luxembourg will continue to promote a multi-stakeholder partnership approach in the framework of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals. Luxembourg aims, in particular, at ensuring a minimum level of livelihood, in a rights-based environment, and creating equal opportunities for all, particularly for the most vulnerable and unprivileged, so everyone can actively determine the course of their own lives. The Agenda 2030's principle of "Leaving no one behind" and the commitments set out in the Addis Ababa Action Agenda on financing for development are therefore at the heart of Luxembourg's general development cooperation strategy, which is focused on people, prosperity, planet, partnership and peace, also known as the 5P's.

To contribute to the eradication of extreme poverty in a sustainable development framework, Luxembourg will focus on four interrelated thematic priorities:

- Improving access to quality basic social services
- Enhancing socio-economic integration of women and youth
- Promoting inclusive and sustainable growth
- Strengthening inclusive governance

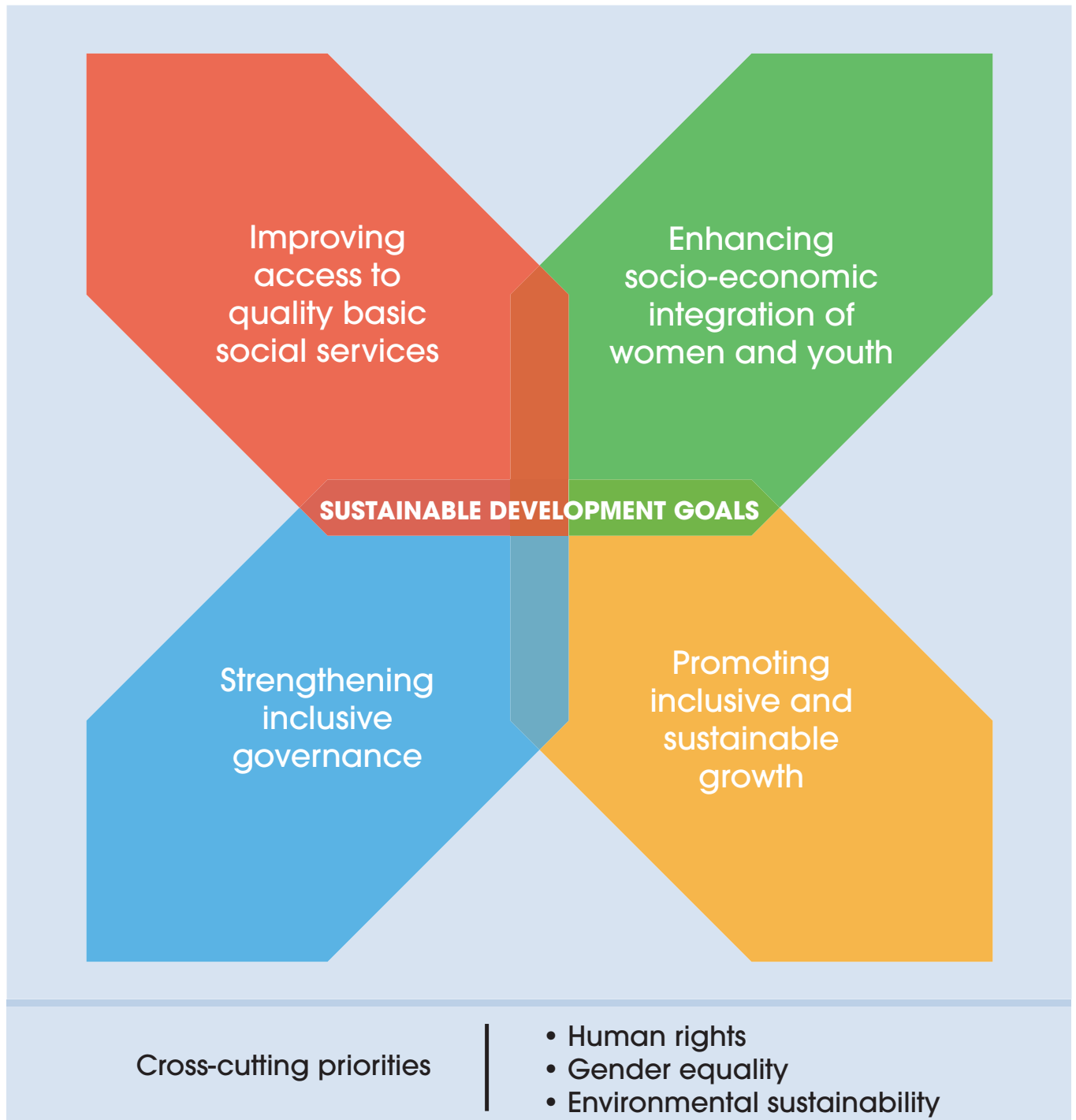
To reflect the interlinked nature of the SDGs and to foster integrated approaches across sectors, partners and instruments, Luxembourg's new general development cooperation strategy expands from a previously sector-based prioritisation towards more inclusive thematic priorities (figure 1). These build on Luxembourg's long-standing expertise in the education/vocational training, health and rural development sectors while at the same time integrating newer areas of work and innovative instruments where Luxembourg aims to provide added value. Luxembourg will in particular, leverage its comparative advantage as a leading international financial centre and in the information and communication technology (ICT) sector by promoting enhanced engagement with new partners, particularly the private sector, and by applying innovative financing mechanisms as well as technological and scientific instruments for development. Common to all of Luxembourg's development cooperation activities, is a focus on three cross-cutting priorities: human rights, gender equality and environmental sustainability.

These four interrelated thematic priorities are closely aligned with the Agenda 2030 and aim to contribute to meaningful progress in achieving the following 12 SDGs in particular: SDG 1 (No poverty), SDG 2 (Zero hunger), SDG 3 (Good health and well-being), SDG 4 (Quality education), SDG 5 (Gender equality), SDG 6 (Clean water and sanitation), SDG 7 (Affordable and clean energy), SDG 8 (Decent work and economic growth), SDG 10 (Reduced inequalities), SDG 13 (Climate action), SDG 16 (Peace, justice and strong institutions) and, SDG 17 (multi-stakeholder partnerships).

- SDG 1 - No poverty,
- SDG 2 - Zero hunger,
- SDG 3 - Good health and well-being,
- SDG 4 - Quality education,
- SDG 5 - Gender equality,
- SDG 6 - Clean water and sanitation,
- SDG 7 - Affordable and clean energy,
- SDG 8 - Decent work and economic growth,
- SDG 10 - Reduced inequalities,
- SDG 13 - Climate action,
- SDG 16 - Peace, justice and strong institutions and,
- SDG 17 - multi-stakeholder partnerships.

Figure 1: Objective and thematic priorities of Luxembourg's development cooperation

Objective: Eradication of extreme poverty and promotion of economic, social and environmental sustainability



The road to 2030 – Key commitments:

To consolidate its strengths and maximise impact Luxembourg is committed to:

- **Maintaining a target of official development assistance (ODA) as a share of gross national income (GNI) of 1% and a focus on Least Developed Countries (LDCs).** Luxembourg will continue to maintain its untied aid while keeping both international climate finance and in-donor refugees' costs additional to ODA.
- **Upholding grant financing as the main financial instrument, in particular to implement programmes and projects in the social sectors.** Additionally, a diversified set of financial instruments and modalities will be applied to respond to specific country needs and Luxembourg's thematic priorities. Partnerships with the private sector and multilateral development banks, leveraging grant resources, notably through blended financing mechanisms, will be further developed.
- **Maintaining a geographic concentration.** Luxembourg will focus its programmes and projects on a limited number of priority partner countries. These countries will primarily be identified among those with the greatest needs, particularly LDCs in Western Africa and the Sahel region. Luxembourg will further develop regional approaches to development cooperation in thematic areas where it has strong added value.
- **Championing development effectiveness principles.** This will be achieved by maintaining its commitment towards the promotion and implementation of the Global Partnership for Effective Development Cooperation and its four shared principles: national ownership, focus on results, inclusive development partnerships and, transparency.
- **Strengthening of strategic goal setting and measurement of progress and performance at all levels.** Programming priorities will be determined at country level, aligning them with inclusive, partner-country led results frameworks and key performance indicators by promoting access to and availability of high quality and disaggregated data measuring the performance of development cooperation.
- **Investing in and promoting capacity building through technical and scientific cooperation to support knowledge transfers, institutional and organisational development and sectoral reforms.** Investing in skills and competency development promotes national ownership and ensures partners are better equipped to implement their own development strategies. Luxembourg will continue to provide high-quality expertise and technical assistance, notably through the government owned development agency Lux-Development, as the main operational pillar of Luxembourg's bilateral cooperation.
- **Supporting effective donor coordination** with the European Union (EU), its member countries and other development partners to promote enhanced coherence, notably through simplification and harmonisation at all levels.
- **Pursuing a whole-of-government approach on development action.** To promote enhanced policy coherence for development, Luxembourg will ensure that national policies are in line with the Agenda 2030, as outlined in Luxembourg's national plan for sustainable development (PNDD).
- **Working towards greater coherence of engagement in priority partner countries** by progressively shifting from existing cooperation frameworks and agreements towards "integrated country programmes", promoting complementarity throughout Luxembourg's public policies.

- **Continuing to engage with partner countries on a long-term basis.** This will be achieved by further strengthening and diversifying Luxembourg’s long-term engagement, notably through strategic multi-annual partnership frameworks and the development of well-defined exit and/or transition strategies
- **Remaining flexible and responsive.** Luxembourg’s development cooperation and humanitarian action will maintain flexibility in its operations, allowing for adaptive course-correcting and continued engagement, especially in times of crisis.
- **Promoting and applying innovation for development.** Luxembourg will promote and support innovative partnerships, approaches and instruments in areas where it can leverage a distinct comparative advantage, notably as a leading international financial centre as well as in the information and communication technology (ICT) and data sectors.
- **Leveraging multi-stakeholder partnerships.** To increase its impact and reach, Luxembourg will continue developing and brokering partnerships for sustainable development with international and multilateral organisations, civil society, academia/research centres as well as the private sector. It will further develop its role as a catalyst for additional resource mobilisation and the promotion of South-South and triangular cooperation.
- **Continuing to foster dynamic and diverse partnerships with international, national and local NGOs.** This will primarily be achieved through multiannual strategic partnership agreements, reinforcing their specific skills and comparative advantage at the grass-roots level and by promoting enhanced complementarity with Luxembourg’s bilateral cooperation.
- **Promoting responsible private sector engagement.** Luxembourg will explore opportunities for enhanced engagement with private sector actors, particularly in partner countries, to develop innovative and mutually beneficial partnerships, which will contribute to sustainable development and inclusive growth.



1. A new strategy for Luxembourg's development cooperation

More complex and interrelated challenges for development cooperation, new international commitments on development and humanitarian assistance, evolving modalities, approaches and partnerships and national reforms are all factors that call for a new general development cooperation strategy for Luxembourg.

A more interconnected and fast changing development landscape. Over the past decade, the scale, reach and complexity of the challenges but also of the opportunities to alleviate poverty and enhance human and economic development have been unprecedented and have evolved faster than ever before. While the number of people living in extreme poverty has dropped globally, in 2018, half of the world's poor remain trapped in fragile and conflict-affected situations, with that figure expected to rise by almost two-thirds by 2030. Demand for "global public goods" to tackle the consequences of climate change, pandemics and conflicts and the resulting increase in forced displacements, refugee movements and migration has grown. However, actions to address these challenges remain underfunded and often difficult to coordinate.

A new series of international commitments aim to address these challenges and define a new long-term agenda. Agenda 2030, its 17 Sustainable Development Goals (SDGs) and the Financing for Development (FfD) outcome document agreed in 2015 by UN Member States are now the cornerstone of the global development agenda and of its implementation. The broad and all-encompassing Agenda 2030 addresses five key dimensions for sustainable development, also known as the 5P's: people, prosperity, planet, partnership and peace. It thereby sets a diverse and multi-faceted roadmap towards economic, human and social development, ranging from poverty eradication – "Leaving no one behind" – to action on climate change. In 2015, at the COP 21 in Paris, governments and private companies committed to scaling up resources to combat the negative effects of climate change. In Nairobi, in 2016, partner countries and development partners renewed and expanded their commitments and approaches to make development assistance more effective. During the same year, at the World Humanitarian Summit, several development partners and UN agencies agreed to join forces to ensure that humanitarian assistance becomes more efficient and effective. The Agreement, known as the "Grand Bargain", aims to overcome the silo approaches between humanitarian and development assistance. In 2017, a new "Consensus on Development", called Our World, Our Dignity, Our Future, set out the new priorities for European development cooperation implemented by all EU institutions and member states and aligned it with the Agenda 2030.

Multi-stakeholder partnerships and innovative mechanisms to tackle development challenges and harness opportunities. Achieving the SDGs is a serious challenge because of the scale of resources required and the sheer complexity of intertwined policies. It will require a variety of actors working in concert, each of them with their distinctive role to play, and with diverse instruments and types of resources. Multilateral organisations, including multilateral development banks (MDBs), private sector companies, international, national and local NGOs, philanthropic foundations, academia and research institutions are key partners to boost the scale, reach and impact of interventions. Innovative programmes and mechanisms will help to tap resources and expertise across actors and sectors to address the complexity of challenges to be met.

Luxembourg believes multilateralism maximises development efforts. Its foreign policy actively engages in multilateral organisations and supports global efforts to promote the SDGs, global prosperity and security. Luxembourg will continue to work with multilateral organisations to contribute and influence ongoing reform efforts of the international development system, both at policy and programme levels. As a founding member of all major intergovernmental and multilateral organisations such as the European Union (EU), the United Nations (UN), the Organisation for Economic Cooperation and Development (OECD), the Organisation for Security Co-operation in Europe (OSCE) and the North Atlantic Treaty Organisation (NATO), Luxembourg firmly believes that collective action enhances the effectiveness and efficiency of global efforts towards the achievement of sustainable development.

Reforms within the Luxembourg development cooperation system. Since the last strategy and the updates of the 1996 Law on Development Co-operation in 2012 and 2017, Luxembourg's development cooperation underwent a series of reforms and adopted new orientations and priorities.

Box 1: Luxembourg's development cooperation system: major evolutions

- Development cooperation becoming a key pillar of Luxembourg's foreign policy and of the "3Ds" (diplomacy, development and defence) approach to promoting sustainable development and lasting peace.
- In 2012, humanitarian activities were formalised within Luxembourg's legal framework and are now officially part of its external action. The strategy on humanitarian action was adopted in 2013 and complemented by a Humanitarian Charter in 2016.
- A firm commitment, since 2009, on delivering ODA flows that are maintained at 1% of GNI.
- Luxembourg expanded the scope of its participation in the multilateral system. It became a shareholder of the African Development Bank (AfDB) in 2013 and was the first European country to join the Asian Infrastructure Investment Bank (AIIB) in 2015.

This document sets strategic directions and a framework identifying thematic priority areas to be supported, financial and non-financial instruments, modalities and partnerships, priority regions and countries where Luxembourg development cooperation will operate as well as actions to ensure both development effectiveness and policy coherence for development. This document also states the principles for humanitarian assistance, development education and awareness raising, communication, as well as evaluation, monitoring and knowledge management.

2. Thematic priorities

A multidimensional approach to poverty eradication and sustainable development. The increasingly complex and multidimensional nature of development poses a challenge because of the scale of resources required and the sheer complexity of intertwined policies. Building on the interlinked nature of Agenda 2030 and to strengthen, whenever possible, the development of integrated approaches across sectors, partners and instruments, Luxembourg's new general development cooperation strategy expands from a previously sector-based prioritisation towards more inclusive thematic priority areas.

Luxembourg will focus on four interrelated thematic areas where it has expertise and/or a specific comparative advantage supporting its main objective of extreme poverty eradication and the promotion of economic, social and environmental sustainability. These thematic areas build on its long-standing expertise in the education/vocational training, health and rural development sectors while at the same time integrating newer areas of work and innovative instruments where Luxembourg can leverage comparative advantages as a leading international financial centre and in the information and communication technology (ICT) sector. In alignment with its general objective, the SDGs and the "Leaving no one behind" principle, Luxembourg will focus on the following four interrelated thematic areas:

Improving access to quality basic social services - Wellbeing for all:



Despite improvements, many developing countries still face disparities in access to quality basic social services, particularly in fragile and conflict-affected areas. Luxembourg will build on its expertise and support innovative approaches in the health, education, water and sanitation as well as food security and nutrition sectors to continue expanding access to basic social services in partner countries.

- **Health, water and sanitation.** Luxembourg will work to improve access to safe and affordable health care for all through efforts to strengthen domestic health systems, fight the spread of communicable diseases with a specific focus on HIV/AIDS, and focus on maternal and child health, including sexual and reproductive health and rights (SRHR). Luxembourg will continue to promote improved access to clean drinking water and sanitation to prevent the spread of disease and support a healthy population.
- **Food security and nutrition.** Luxembourg will work to promote food security and nutrition. A well-fed population is more productive, healthy, and likely to attend school. Food security and nutrition are also crucial for sustainable agricultural development and building domestic resilience to future crises, including climate change.
- **Education.** Luxembourg has long-standing experience in the education sector and is committed to providing equal access to quality education for all, particularly vulnerable populations including women and girls.

Enhancing socio-economic integration of women and youth:



Women and youth are disproportionately facing the consequences of poverty, often lacking access to necessary skills and competencies to actively engage in sustainable and productive activities as a means to foster their socio-economic integration. Investing in women's socio-economic integration is a key driver for overall economic growth and sustainable development and reduces inequalities in access to quality education and training. Luxembourg will therefore:

- **Focus on the strengthening of employability** and promote equal access to decent employment opportunities and entrepreneurship, by particularly targeting women and young people not engaged in education, employment or training (NEET). Luxembourg will support the development of initiatives for setting up an enabling employment environment for women and youth. This will notably be achieved through enhanced engagement with private sector actors to strengthen opportunities for the employment of the domestic workforce and to keep pace with the needs of growing and diversifying economies and automation.
- **Support the strengthening of vocational training systems** and craftsmanship, specifically with regards to ICT and green jobs and their alignment with local labour market needs. In partner countries, Luxembourg will continue leveraging its expertise in the vocational training sector and applying sector-wide approaches while taking a sectoral-lead whenever possible to contribute to the provision of new opportunities for women and young generations.

Promoting inclusive and sustainable growth:



Luxembourg recognises that achieving long-term development requires attracting domestic and foreign investment as well as fostering multi-stakeholder partnerships. These include South-South and triangular cooperation to support inclusive and sustainable socio-economic development, as well as, the building and retention of a skilled workforce in partner countries. Building on its expertise as a leading international financial centre and in integrated local development approaches, Luxembourg will support partner countries in:

- **Creating an enabling environment for enhanced private sector engagement and development** and public-private partnerships by creating value chains and leveraging innovative financing mechanisms, such as blended, green and inclusive finance, as well as enhanced domestic resource mobilisation, to promote sustainable growth that reaches all populations.

- **Strengthening support for inclusive finance** to ensure that the most vulnerable populations, typically cut off from formal financial services, have access to basic financial services, including insurance mechanisms, to enable their active participation in a sustainable economic environment and improve their livelihoods.
- **Promoting responsible investment**, by providing specialised training to support economic and financial reform as well as targeted and demand-driven technical assistance linked to the integration of national economies into regional and international frameworks.
- **Enabling ICT solutions and reliable data** as catalysts for innovative and inclusive growth and development.

Strengthening inclusive governance:



Ensuring equal access and effective delivery of quality public services, responsive to populations' needs and aspirations, are critical for achieving inclusive and sustainable development. Nevertheless, sound public management and accountable governance systems continue all too often to be undermined by perverted incentive schemes and corruption. This results in inappropriate public resource allocation and weak basic service delivery, ultimately hampering progress towards people's empowerment and sustainable development. To strengthen inclusive governance, Luxembourg will:

- **Encourage sectoral and administrative reforms** for effective public service delivery by providing demand-driven and targeted capacity building at all levels of government (central, regional, local).
- **Support decentralisation and deconcentration processes** to boost the emergence of more responsive and accountable public service institutions, in particular through the empowerment of the most disadvantaged populations.
- **Strengthen its support and modalities of engagement with national and local NGOs** to promote enhanced civil participation in decision-making processes and promote an inclusive and rights-based environment. Relevant **multilateral actors** as well as **academia and think tanks** will be supported to develop domestic capacity and resilience at all levels of society.

Underlying each theme is a focus on cross-cutting priorities including human rights, gender equality and equity as well as environmental sustainability. By ensuring the systematic inclusion of cross-cutting priorities Luxembourg aims to provide a holistic and multi-faceted approach to supporting sustainable development. Based on partner country contexts and national priorities and needs, targeted programme and project interventions will be developed.

Supporting the achievement of the Sustainable Development Goals. The thematic and cross-cutting priorities are closely aligned with the SDGs and aim to contribute to meaningful progress towards achieving the Agenda 2030 goals. Building on Luxembourg's four the-

matic priorities and recognizing that current development challenges cannot be addressed by any one country alone, Luxembourg will focus its support on a limited number of targets as defined through the indicators of its 12 priority SDGs. In accordance with its focus on “Leaving no one behind”, Luxembourg will promote and support multi-stakeholder partnerships adopting an integrated graduation approach, focused on ensuring that basic needs of vulnerable populations are met to enable their progressive transition towards more sustainable livelihoods.

Building on Luxembourg’s four interrelated thematic priorities and cross-cutting dimensions, strategic goal setting and specific programming choices will jointly be determined at country level in close cooperation with partner countries to ensure national ownership and alignment with domestic objectives, where possible. In alignment with international principles for development effectiveness, Luxembourg’s commitment to national ownership is a key strength and ensures that programming is designed to meet the development challenges facing its partners. Given constrained resources and in order to maximize impact, Luxembourg will examine the specific development context of each partner country and focus on the most relevant thematic areas and sectors in the given context. Associating all relevant stakeholders, this prioritisation process will be conducted in a results-oriented and pragmatic way.

3. Financial instruments and other non-financial modalities

Financial instruments

Luxembourg commits to disbursing ODA equivalent to 1% of GNI. Since the early 2000s, aid flows have consistently been above the 0.7% ODA/GNI target, as committed by advanced economies at the UN General Assembly in 1970 and subsequently reiterated in various fora. Moreover, since 2009, Luxembourg has met a 1% ODA/GNI target. It is currently one of only a few OECD-DAC members meeting this target. While Luxembourg’s ODA budgets may appear modest in absolute terms, exceeding the 0.7% spending target consistently shows its reliability to international commitments.

As Luxembourg is committed to strengthen its support for international climate finance, interlinkages with Luxembourg’s development cooperation activities on environmental sustainability will be actively promoted. Luxembourg will not claim international funding dedicated to address the negative consequences of climate change or in-donor costs for refugees as part of its ODA flows.

While grant financing will remain the main financial instrument of Luxembourg bilateral cooperation, it will continue to diversify its instruments. Grant financing does not put pressure on partner country governments’ budgets, where the poorest countries usually have limited fiscal space to service external liabilities. Grants are also the preferred instrument to support programmes in the basic social sectors where returns to repay loans are only generated in the medium to long term.

Complementing grant financing, Luxembourg’s development cooperation will flexibly apply a diversified and innovative set of financing instruments and modalities to respond to specific country needs and thematic areas, including through the leveraging of partnerships with MDBs and the private sector, and to support blended finance instruments

such as guarantees and risk mitigation instruments. This will include an increased focus on impact-investing, notably through inclusive finance solutions.

Financial resources will be untied. Reflecting a key commitment of the development effectiveness agenda, Luxembourg will seek to deliver its programmes and projects without tying them to national companies by assigning its contracts based on open-bidding procedures.

Non-financial modalities

Development cooperation will continue to prioritize capacity building. Luxembourg will continue investing in capacity building programmes through technical and scientific assistance and knowledge transfer. The impact of development cooperation is maximised by building individual, organisational, and institutional capacities in partner countries. Luxembourg adopts a demand-driven approach to capacity building, working with partners to ensure that actions are adapted to local contexts and culture and based on current and future needs and priorities. Capacity building is a key priority of Lux-Development – Luxembourg’s main agency for the implementation of bilateral assistance.

To maximise limited resources and increase impact, Luxembourg strives to be innovative; exploring modalities that can be scaled up together with other development partners. Innovation in financial instruments, modalities and partnerships will be prioritised by Luxembourg’s development cooperation. Innovative programmes and mechanisms will tap resources and expertise across actors and sectors to address the complexity of development challenges under constrained public budgets.

Collaborate with partner countries and international organisations to create an enabling environment for sustainable development. This includes working to support an effective global financial system through increased cooperation between the Luxembourg Ministry of Finance and international financial institutions. At the same time, Luxembourg will work with partner countries to strengthen national capacities in the financial service sector, to support national and regional economic reforms, and to enhance domestic resource mobilisation in alignment with the Addis Tax Initiative and the OECD framework on Base Erosion and Profit Sharing (BEPS).

Luxembourg will continue to support knowledge transfer in inclusive finance to partner countries. The country has already established itself as a centre of excellence in inclusive finance, through which it provides targeted support to micro, small and medium-sized enterprises in partner countries. It also engages in knowledge sharing through multi-stakeholder partnerships, building on its broad and diversified domestic network of key actors in the sector.

Luxembourg will leverage its expertise in the ICT sector to support the use and transfer of knowledge for development and humanitarian purposes. Development cooperation will continue to build on Luxembourg’s comparative advantage as a hub for ICT, leveraging domestic expertise and promoting public-private partnerships for development.

Box 2: Leveraging Luxembourg's ICT expertise for humanitarian response – emergency.lu

The emergency.lu platform uses satellite-based technologies to re-establish communication after a disaster and provides digital solutions to improve the work of the humanitarian community. It supports coordination between humanitarian organisations in the field and contributes to saving lives during humanitarian emergencies. When disaster strikes, equipment and personnel can be deployed to the affected area in less than twelve hours. Communication services can also be provided in the context of chronic crises, especially in very remote areas.

emergency.lu, which is operational since January 2012, is a public-private partnership between the Luxembourg Government and three Luxembourg private companies. The platform was created in close collaboration with the World Food Programme (WFP), the global lead agency of the Emergency Telecommunications Cluster (ETC).

Luxembourg generally provides the emergency.lu services as a free global public good to the humanitarian community, benefitting populations in affected areas.



► PHILIPPINES | Intervention in Guiuan following Typhoon Haiyan

4. Geographic concentration

Luxembourg will prioritise regions and countries where its development cooperation can have an impact. To maximise impact and visibility, Luxembourg's development cooperation will continue to direct its bilateral programmes and projects towards a reduced number of countries. This strategic choice is driven by the size of its development cooperation budget: high and generous in relative terms, nonetheless modest in monetary terms in comparison to larger economies / members of the OECD-DAC.

Priority partner countries. Luxembourg will prioritise a limited number of priority partner countries where its interventions are strategically agreed, are programmatic and based on a long-term engagement as currently outlined in the 5-year Indicative Country Programmes (ICPs). Luxembourg will aim to allocate at least 50% of its bilateral funding resources to priority partner countries. Based on its experience and existing partnerships, specific attention will be given to countries located in Western Africa and the Sahel region. This focus is also rooted in Luxembourg's experience of working in fragile situations. Furthermore, Luxembourg will promote and develop existing partnerships to strengthen cross-border and integrated development approaches, where possible.

Box 3: Enhanced development effectiveness and impact - A limited number of priority partner countries

To ensure enhanced development effectiveness and impact, Luxembourg maintains, since 2016, privileged relations with seven priority partner countries. These strategic partnerships are rooted in general cooperation agreements and multi-annual "Indicative Country Programmes" (ICPs). Besides Laos in South-East Asia and Nicaragua in Central America, five of these countries are located in Western Africa: Burkina Faso, Cabo Verde, Mali, Niger and Senegal.

Criteria to identify priority partner countries. A combination of criteria will inform the identification process:

- **Alignment with the policy objectives of Luxembourg's foreign and development cooperation policy.** Priority partner countries will primarily be identified among those with the largest poverty gap, with a low human development index (meaning with lower education outcomes, shorter life expectancy and lower per capita income indicators than average) and limited access to financial resources beyond aid. Luxembourg's aid and assistance will specifically be focused on Africa, notably the Sahel region, while a global presence on other continents will be maintained.
- **Prioritisation of Least developed countries (LDCs).** Luxembourg will continue to exceed its commitment to the Istanbul Programme of Action target of allocating 0.2% of GNI to LDCs. In addition to its focus on LDCs, Luxembourg will continue to target specific support towards Small Islands and Developing States (SIDS) and fragile countries.
- **Engagement in non-LDC partner countries.** Such focus will rely on Luxembourg's ability to leverage a key comparative advantage, in terms of expertise and experience. Luxembourg will also consider countries where the number of development partners active is small despite still facing significant development and/or migration challenges.

- **Existence of long-term partnerships and trust**, as well as a potential of embedding regional approaches in its programmes to address common development challenges and championing specific thematic expertise.

Beyond priority partner countries, Luxembourg's development cooperation also intervenes in a number of other partner countries, where interventions are primarily project-driven. Such an approach allows for increased flexibility to react to prospective challenges and needs in countries where Luxembourg development cooperation does not operate, respond to future foreign policy priorities and/or manage transitions towards or away from ICPs.

A well-defined and followed-through exit strategy. Over the past decade, several priority partner countries recorded sustained economic growth lifting large parts of their population out of extreme poverty and accelerating their progress in human development, leading Luxembourg to adapt the nature and scope of its support. Exiting or transitioning away from a priority partner country will be thoroughly planned: steps include communicating decisions as early as possible to relevant levels of government, honouring commitments and coordinating decisions and programmes with other development partners, including civil society and the private sector.

Generally, phasing out from a partner country requires identifying and formulating options for a potential future engagement beyond development cooperation, notably through diversification and innovation of partnership relations. This includes addressing the negative consequences of climate change, further incentivising private sector engagement and development, building the capacities of local NGOs or for Luxembourg to become an enabler for South-South and triangular cooperation.



► **NICARAGUA** | Project NIC/026 - Institutional Support to Vocational Training in Hospitality and Tourism

5. Multi-stakeholder partnerships

Multi-stakeholders' partnerships are critical to help tackle development challenges.

Making steady progress towards achieving the highly ambitious commitments set in the Agenda 2030 will require a variety of actors working together, each of them with their distinctive and complementary role to play, and with diverse instruments and types of resources. To expand reach and enhance impact, Luxembourg will continue strengthening, developing and brokering partnerships with international and multilateral organisations including the EU, UN, MDBs, NGOs and civil society, academia/research centres and the private sector, as financiers and co-implementers. Luxembourg will further develop its role as a catalyst, facilitating additional resource mobilisation for strengthened impact both in terms of funding and effective development outcomes. Specific attention will be given to the further promotion and leveraging of South-South and triangular cooperation.

Multilateral organisations are key partners for Luxembourg development cooperation.

As a founding member of all major intergovernmental and multilateral organisations including the EU, Benelux, the UN, the OECD, the OSCE and NATO, Luxembourg actively engages in multilateral organisations and champions global efforts towards advancing the SDGs, global prosperity and security. It works with and through multilateral organisations to maximise efforts to promote poverty eradication, environmental sustainability and human rights.

Luxembourg will continue to uphold the interests and values promoted through the European Union's Common Foreign and Security Policy. The EU and its member countries, as the world's largest donor in terms of development finance, have a unique position to represent and enhance Luxembourg's voice and interests at the global level, by promoting collective action towards the achievement of the SDGs. Luxembourg will engage in EU policy-making and coordination on development cooperation policy and humanitarian action, while adhering to the European Consensus on Development and the Code of Conduct on Division of labour between EU member countries. In partner countries where Luxembourg's development cooperation is present on the ground, it will take on a thematic or sectoral leadership where possible and actively support EU and member countries joint programming and implementation efforts. This includes the implementation of delegated cooperation agreements.

While continuing to prioritise bilateral engagement, Luxembourg will uphold its long-standing commitment towards multilateral cooperation. As part of its global responsibility, effective coordination and leveraging of the multilateral system will increase the reach of Luxembourg's development cooperation budget, diversify its set of instruments and contribute to its main objective of poverty eradication and sustainable development. Luxembourg considers its investment in the multilateral system, including through MDBs, as an important pillar of its development cooperation, representing a large share of its aid budget (around 30% of total ODA). As a result, Luxembourg will continue to strengthen its participation in MDBs, remain an active shareholder in multilateral institutions and processes, and will continue focusing on partnerships that support stable financial systems, innovative finance and international climate change financing mechanisms.

Box 4: An innovative financing mechanism for agricultural development

Together with the International Fund for Agricultural Development (IFAD) and the European Commission, Luxembourg has kick-started an innovative financing mechanism called the Agri-Business Capital Fund (ABC Fund).

The objective of the ABC Fund is to raise and leverage a blend of public and private sector capital to finance rural and agricultural value chains in developing countries to stimulate growth, foster new markets and preserve and create job opportunities for the rural youth and women.

Based in Luxembourg and funded through 5 million euros in seed capital from the Luxembourg Development Cooperation, the ABC-Fund illustrates an innovative public-private partnership that will manifold the initial investment provided, maximize development impact as well as maintain financial profitability.

Partnering with multilateral organisations will be driven by strategic considerations, based on alignment to Luxembourg’s development objectives. Luxembourg will further develop strategic partnership agreements, providing for enhanced funding predictability and focus on its priority areas of development and humanitarian action. Such engagement and partnerships will be driven by a strategic approach, identifying criteria for the selection of multilateral organisations. Luxembourg’s engagement with multilateral organisations will be guided by effective practices focused on their core mandate and delivering value for money. Such an approach will also build on Luxembourg’s continued support to international assessment mechanisms, such as the Multilateral Organisation Performance Assessment Network (MOPAN).

Luxembourg will continue to capitalise on partnerships with NGOs. Luxembourg’s development cooperation benefits from a large, dynamic and diverse national NGO community, most of which are members of the national NGO platform “Cercle de Coopération des ONG de développement”, which has an enabling and coordinating role on the national level. Strong partnerships will be maintained with NGOs through close collaboration and substantial co-financing of projects and programmes in partner and developing countries. Approximately 20% of Luxembourg official development assistance will continue be channelled through NGOs and civil society, fostering their specific role as the voice of the most vulnerable and reinforcing inclusive governance, accountability and human rights in developing countries.

To maximise synergies with partners and implementers of Luxembourg’s development cooperation, and impact because of greater local knowledge and experience on the ground, incentives to expand NGO’s interventions in priority partner countries and LDCs will continue to be actively promoted.

Partnerships with civil society will be further strengthened and diversified. To enhance capacity building and knowledge sharing – also within a transition/exit strategy – national NGOs will be encouraged to expand their support to local NGOs in priority partner countries and other partner countries. Such an approach can either take the form of allocation of resources to local NGOs directly or of incentives for national NGOs to partner on project identification, formulation, implementation, and advocacy activities with local NGOs.

Support to academia will be expanded. Luxembourg will support research capacity and expertise in international development cooperation, notably at the University of Luxembourg and research institutions or via alternative funding arrangements, which could include support for an institutionally independent think-tank. Such an independent institution could provide analysis of decisions on aid allocation and policy coherence for development, and thereby inform Luxembourg's development cooperation programmes and projects.

Partnering with the private sector. Private sector actors have always supported international and local development, primarily as implementers of development projects. In the framework of the implementation of the large-scale and ambitious Agenda 2030, their role has however gained further momentum. Domestic and international private sector actors can bring additional financial resources, notably through public-private-partnerships that the public sector is unable to allocate from its own budgets or mobilise through its own expertise.

Luxembourg will facilitate the exploration of opportunities for enhanced engagement between different private sector actors, particularly in partner countries, to develop innovative and mutually beneficial partnerships, as financiers rather than only as implementers. Such engagement, which entails support to inclusive and social business solutions, will strengthen Luxembourg's innovative approaches and help prepare the exit/transition away from partner countries.

Closer collaboration and synergies will be pursued with the investment fund industry based in Luxembourg to promote responsible and inclusive investment and leverage private funding. Furthermore, partnerships with private foundations will be expanded and strengthened.

Box 5: Luxembourg's Business Partnership Facility (BPF)

The Business Partnership Facility (BPF), launched in 2016 by the Ministry of Foreign and European Affairs in close collaboration with the Luxembourg Chamber of Commerce, encourages Luxembourg-based and European private firms to implement sustainable business projects in developing countries with a particular focus on Luxembourg's partner countries. Focusing on sectors in which Luxembourg holds a distinctive added value/comparative advantage (such as ICT, financial technologies, logistics and eco-innovation/circular economy), the BPF supports private sector initiatives that specifically contribute to development and job creation in developing countries and technology and knowledge transfers.

Strengthen coordination at all levels. Luxembourg will continue to strengthen coordination efforts with every stakeholder involved in ICPs and projects – the Ministry of Foreign Affairs, other Ministries involved in development cooperation, notably Finance and Sustainable Development, multilateral organisations, NGOs, implementing agencies and the private sector – in order to reduce fragmentation and avoid duplications. In priority partner countries, Luxembourg will continue to improve coordinated development and humanitarian action, including through continued participation in EU joint programming

initiatives and development practitioner's networks. Luxembourg will continue to support and actively engage in partner country coordination and harmonisation mechanisms, assuming, where possible, the role of lead coordinator in sectors pertaining to its thematic priority areas.

6. Principles of development effectiveness



Luxembourg will continue to champion the principles of development effectiveness agreed in Nairobi in December 2016. As part of Luxembourg's participation in the Global Partnership for Effective Development Cooperation (GPEDC), it will continue to ensure that its development programmes consistently adhere to the international standards of best practice in development cooperation, formalized in its 2014 Action Plan for Effective Development. While this plan provides a strong direction for its commitment to development effectiveness, it will be updated to account for new commitments made in Nairobi in 2016.

Applying the principle of recipient ownership over development priorities through the ICPs. Programmatic commitments are developed in consultation with partner country stakeholders and are aligned with both the national programming cycles and priorities of partner countries.

The transparency of development cooperation will continue to be improved. While all strategies, ICPs and key reports are publicly available, Luxembourg commits to further enhance the communication of development results as well as the spending of "additional" non-ODA resources (i.e. international climate finance and in-donor refugee costs). Enhanced reporting on these resources will support, and ultimately strengthen their coherence with traditional ODA spending. In line with this objective, Luxembourg will join the International Aid Transparency Initiative (IATI) to further strengthen the transparency of its development cooperation and align with global best practice.

7. Policy coherence for development

Ensuring policy coherence for development as part of the Agenda 2030. The SDGs reiterate the commitment to enhance policy coherence across targets, sectors and actors and to foster an enabling environment for sustainable development. Ensuring policy coherence for development means assessing, notably through systematic impact measurements, whether national policies are in line with the ultimate goals and objectives for sustainable development at the global level. Based on such assessments, trade-offs between national interests and international development objectives can be identified and policies adjusted, if necessary. The 3Ds approach to foreign policy (diplomacy, development and defence) is one of the instruments to ensure policy coherence across government departments and to contribute to global stability and security.

Whole-of-government approaches. At the national level, Luxembourg’s whole-of-government coordination on development cooperation is managed by the Interministerial Committee for Development Cooperation (ICD). The ICD works in close partnership with the Inter-departmental Commission on Sustainable Development (ICSD), which coordinates the overall planning, implementation and monitoring of the Luxembourg National Plan for Sustainable Development (PNDD), as well as with the Interministerial Committee for Human Rights (ICHR). The national parliament will continue to play an important role in governance and policy coherence, ensuring supervision through regular exchange with and reporting by the government to the relevant parliamentary commissions. Progress in the implementation of this coordination process is also monitored by the national NGO umbrella platform, the “Cercle de Coopération des ONG de développement”, which formulates recommendations on issues related to policy coherence.

Box 6: Ensuring coordination for enhanced policy coherence for development

The Interministerial Committee for Development Cooperation (ICD) works towards policy coherence for development cooperation while the Inter-departmental Commission on Sustainable Development (ICSD) is in charge of monitoring and ensuring the implementation of policy coherence for sustainable development at the domestic level within the framework of the Luxembourg National Plan for Sustainable Development (PNDD).

Luxembourg will also explore opportunities to progressively transition from the existing cooperation frameworks and agreements (i.e. ICPs and General cooperation frameworks) towards “integrated country programmes”. Embodying more integrated partnership approaches, “integrated country programmes” will encompass all areas of Luxembourg’s engagement in priority partner countries to ensure that activities across government work coherently together in support of sustainable development outcomes.

Luxembourg does not count in-donor refugees’ costs nor international climate financing as part of its ODA contributions. While ensuring resources are additional to ODA commitments, such an approach could reduce incentives for coordination between relevant Ministries. As a step towards “integrated country programmes”, Luxembourg will continue to increase clarity on the division of labour and responsibilities between Ministries involved in the area of international development cooperation.

8. Humanitarian assistance

Luxembourg’s development cooperation and humanitarian assistance are an integral part of its external action and a tangible illustration of its global responsibility. While fully respecting their distinct mandates and humanitarian principles, the existing close coordination between development cooperation and humanitarian assistance is a key strength. Strategic guidance for Luxembourg’s humanitarian assistance is outlined in its 2013 humanitarian action strategy, which will be further updated with regard to the new international commitments and the humanitarian-development nexus. Along the same lines, a national Humanitarian Charter was adopted in 2016.

Several partner countries suffer from underlying fragility and external destabilisation factors and they are highly vulnerable to the risk of sliding into conflict or to remain in a protracted crisis. Therefore, synergies between humanitarian and development action should be sought on a case-by-case basis.

Luxembourg's humanitarian assistance supports the three main phases of the response cycle:

- emergency assistance;
- reconstruction and rehabilitation support; and
- resilience and prevention.

Luxembourg's humanitarian assistance will continue to be channelled through multilateral funding, notably specialized agencies and the United Nations Central Emergency Response Fund (CERF) or humanitarian country-based pooled funds, the International Committee of the Red Cross (ICRC) and humanitarian NGOs.

Luxembourg champions good practices in humanitarian action and thrives to be flexible, responsive and innovative, allocating approximately 15% of ODA to humanitarian assistance. Luxembourg's humanitarian action is guided by the principles of "good humanitarian donorship", complying with international standards and best practices in terms of providing predictable and flexible funding, and promoting the respect for International Humanitarian Law. Humanitarian assistance will continue to be responsive and open to innovative solutions aimed at improving the effectiveness of the humanitarian response, notably through its partnerships with major humanitarian multilateral actors.

Box 7: Applying the humanitarian principles

Luxembourg's humanitarian action is guided by the four humanitarian principles:

- humanity, meaning the centrality of saving human lives and alleviating suffering wherever it is found;
- impartiality, meaning the implementation of actions solely on the basis of need, without discrimination between or within affected populations;
- neutrality, meaning that humanitarian action must not favour any side in an armed conflict or other dispute where such action is carried out; and,
- independence, meaning the autonomy of humanitarian objectives from the political, economic, military or other objectives that any actor may hold with regard to areas where humanitarian action is being implemented.

A key initiative in this regard is the mobile, satellite-based, telecommunications platform emergency.lu, with Luxembourg development cooperation playing a pivotal role between beneficiaries, private sector companies and key international players. Further avenues for innovative action and research aimed at improving humanitarian effectiveness and principled humanitarian action will continue to be explored with multilateral humanitarian agencies, research institutes and, where applicable, private sector engagement including in the areas of the humanitarian-development nexus, data, and financial technologies.

Humanitarian engagement will focus on forgotten and underfunded crises. In line with the “Leaving no one behind” principle and rooted in a needs-based approach towards humanitarian action, Luxembourg will continue to particularly focus on “forgotten crisis” and underfunded crisis where fewer development partners and humanitarian actors are active.

9. Development education and awareness raising

Development education and awareness raising remains a key priority for Luxembourg. At home, these efforts aim to develop a stronger sense of world citizenship through engaging with the public, helping the population understand and reflect on the root causes of poverty, and highlighting how Luxembourg works to address these challenges. Luxembourg has developed various initiatives across all levels of the education and political systems. In this context, the Inter-Ministerial Committee on Education for Sustainable Development, led by the Ministry in charge of Sustainable Development, spearheads ongoing work to integrate education for sustainable development into Luxembourg’s education system and coordinates efforts of key institutional stakeholders and civil society. Luxembourg will continue to increase financial support for development education and awareness raising to deepen public understanding and support for development action.

National NGOs are key implementers of development education and awareness raising. Luxembourg will continue to rely primarily on its broad and diversified NGO community to develop and implement development education and awareness raising initiatives and programmes. To further stimulate citizen engagement, Luxembourg will seek to promote enhanced joint NGO action on specific development themes and sustainable development in general.

10. Communication

Strengthening the communication on Luxembourg’s development cooperation and humanitarian action enhances its profile vis-à-vis international partners and stakeholders while further supporting development education and awareness raising at home. Effective results communication and transparency about the goals, achievements and approaches regarding Luxembourg’s development cooperation activities will lead to sustained and possibly enhanced levels of public awareness and support for development cooperation.

Luxembourg has shown a strong commitment to international development and effective development practices, but results of its action need to be more proactively communicated towards external partners and stakeholders, including the general public. Luxembourg development cooperation will thus work to strengthen the communication of its results, increasingly embedding key development outcomes and their impact through social media and in its annual report, as well as in periodic reviews of its development activities. **In the field, communication carried out by Luxembourg’s diplomatic representations will be increased, while relying on various partners to provide contents.**

Developing guidance for an effective communication and outreach will ensure a coherent approach for raising the profile and visibility of Luxembourg’s development cooperation, both at home and abroad. Such guidance will outline a clear approach and further strengthen current processes and resources for improving the communication of development results.

11. Monitoring & Evaluation and Knowledge management

Luxembourg will continue to strengthen its evaluation practices by expanding the use of joint evaluations across partners and the focus on innovative approaches to further enhance its focus on results and impact measurement. Evaluations will increasingly be strategic, making use of thematic and sectoral evaluations across countries and continuing to carry out ICP evaluations jointly with Luxembourg's implementing partners. Where appropriate, programmatic evaluations of multilateral and humanitarian programmes will be included. Luxembourg places strong emphasis on the participatory nature of evaluations and fully engages its partners throughout the process, while still ensuring independence and impartiality. This enhances the ownership of results and implementation of recommendations, while at the same time contributing to building partners' capacities.

Regular monitoring of programme implementation and outcomes will be strengthened.

In a fast-paced and ever-changing development environment, regular monitoring enhances overall results by allowing for the real-time identification of challenges, thus providing an opportunity for course correcting as necessary. This increased capacity to adapt to changing conditions will ensure that Luxembourg development programmes continue to generate the desired results and that "no one is left behind". While relying on and strengthening existing national monitoring systems, where possible, Luxembourg will further enhance the monitoring of programme implementation by developing strategic frameworks as well as adaptive instruments and methodologies for effective and more granular performance monitoring at the impact and outcome levels.

Luxembourg is committed to further develop a clear process for capitalising on lessons learned from evaluations, and integrating findings and recommendations into future work, particularly the identification of new ICPs or new phases of programmes and projects. Luxembourg will apply best practices and actively work towards achieving results, by capitalising on new knowledge and fostering institutional learning and change from evaluations, notably through the progressive setting-up of a fully-fledged knowledge management function.

12. From strategy to results

Aligned with the Agenda 2030 goals and its principle of "Leaving no one behind", Luxembourg's new general development cooperation strategy defines the overall orientations of what, why and how Luxembourg will contribute to the achievement of the SDGs by 2030.

A results based action-plan will be developed to determine how Luxembourg's development cooperation will contribute to the strategy's implementation over the next five years. While defining a roadmap with key milestones, actions, actors and resources, specifying how Luxembourg will focus its efforts to enhance overall coherence and impact on the ground, the action-plan will remain flexible to allow for necessary adaptations over time. Results-based monitoring will be conducted on a regular basis to track progress against key performance indicators towards the achievement of Luxembourg's development cooperation objectives and the SDGs.



▶ **LAOS** | Project LAO/030 - Local Development Programme for Bokeo, Bolikhamxay, Khammouane and Vientiane Province

**Directorate for Development Cooperation
and Humanitarian Affairs**

6, rue de la Congrégation
L-1352 Luxembourg
T (+352) 246-82351

www.cooperation.gouvernement.lu



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