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**Working Paper**

## Towards a division of labour in European development co-operation: case studies

Discussion Paper, No. 11/2007

**Provided in Cooperation with:**

German Institute of Development and Sustainability (IDOS), Bonn

*Suggested Citation:* Buécar, Maja; Plibersek, Eva; Marques, Maria João; Mesic, Anja (2007) : Towards a division of labour in European development co-operation: case studies, Discussion Paper, No. 11/2007, ISBN 978-3-88985-347-9, Deutsches Institut für Entwicklungspolitik (DIE), Bonn

This Version is available at:

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# Towards a Division of Labour in European Development Co-operation: Case Studies

Maja Bucar  
Maria João Marques  
Anja Mesic  
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Bonn 2007

**Towards a division of labour in European development co-operation: case studies** / Maja Bucar... – Bonn : Dt. Inst. für Entwicklungspolitik, 2007. – (Discussion Paper / Deutsches Institut für Entwicklungspolitik ; 11)  
ISBN 978-3-88985-347-9

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## Preface

The case studies assembled in this discussion paper were elaborated as part of a research project on division of labour in European development co-operation of the German Development Institute, the Centre of International Relations at the University of Ljubljana and the Centre of African and Development Studies at the Technical University of Lisbon.

The results of this research project were presented in January 2007 in Brussels as an academic contribution to the ongoing political discussion about a division of labour in EU development co-operation.

This joint research project mirrors the formation of “trio presidencies” at the political level. The importance of European co-operation has also increased in the field of research. To bring together researchers from Germany, Portugal and Slovenia in the short time necessary to present the results on division of labour in European development co-operation during the German EU Presidency was facilitated through the existence, since more than thirty years, of EADI, the European-wide network of development research and training institutes and individual scholars. EADI members meet regularly in thematic working groups, conferences and business meetings. On this basis, a joint research project like the present can be launched with a few e-mails and telephone calls. And the internet allows it to exchange comments on first drafts and do the editing from the distance.

In view of the difficult process of developing a European identity in development co-operation, the pooling of intellectual resources is a fundamental and complementary activity to the political decision making in the arena of the European Council, the European Commission and the European Parliament.

We thank our EADI colleagues from Lisbon and Ljubljana for their willingness to contribute to this research project on division of labour in European development co-operation in the short time given with the dates of the German EU Presidency, and we hope that on the basis of this joint research project, the “trio” of German, Portuguese and Slovenian EU Presidencies will manage to make a big step ahead in implementing the ambitious agenda on the way toward an effective European development co-operation that is aligned with the objectives of the Paris Declaration.

Bonn, May 2007

Dr. Jürgen Wiemann

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## Abbreviations

CIDA	Canadian International Development Agency
DAC	Development Assistance Committee
EBRD	European Bank for Reconstruction and Development
EDF	European Development Fund
EDRT	Estonian Disaster Relief Team
FAO	Food and Agriculture Organisation of the United Nations
GDP	Gross Domestic Product
GNI	Gross National Income
IBRD	International Bank for Reconstruction and Development
ICRC	International Committee for the Red Cross
ILO	International Labour Organisation
IPAD	Portuguese Institute for Development Support
ITU	International Telecommunication Union
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
MFA	Ministry of Foreign Affairs
NGOs	Non-governmental Organisations
NMS	New Member State
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance
ODACE	Official Development Assistance in Central Europe
OECD	Organisation for Economic Co-operation and Development
OSCE	Organisation for Security and Co-operation in Europe
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	The United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNO	United Nations Organisation
UPU	Universal Postal Union
WFP	World Food Programme
WMO	World Meteorological Organisation

## Development policies of New Member States and their participation in European Union development co-operation

*Maja Bucar, Eva Plibersek, Anja Mesic<sup>1</sup>*

### **1 Background issues**

Until the accession to the EU, many of the new member states (NMS) were themselves recipients of donor funds (some still are) and therefore less involved in development co-operation policies. Their new status requires a different attitude in this area. To participate fully in the activities at the level of the European Commission and to contribute to the effectiveness of EU aid, these countries first have to develop their development policies and strategies, raise the awareness among their citizens and engage in different development co-operation projects.

In order to answer the question of an optimal division of labour in development co-operation from the viewpoint of new member states, one needs to examine closely the current state of affairs in these countries. A division of labour implies an increase of efficiency (e.g. by reducing transaction costs of donor coordination), effectiveness (e.g. by focusing on sector or geographic aid “orphans”), as well as strengthening the role of the EU in international development co-operation in the long run. Focusing on the NMS, the EU plans to “capitalise on the NMS’ experience and facilitate the gradual emergence of these countries as new donors”.<sup>2</sup> However, the question is what “comparative advantage” each country possesses.

The European Commission’s Comprehensive monitoring report of 2003<sup>3</sup> identified an inconsistency of the development policies of the NMS with EU principles, in particular with regard to the guidelines laid down by the OECD Development Assistance Committee (DAC) as well as the commitments and objectives they had accepted in the context of the UN and other international organisations. This calls for a revision of the development co-operation policies and increased attention to the EU’s agreed principles and guidelines. More appropriate policies need to be designed, which will combine the comparative advantages, specific experience and planned foreign policy priorities with the development co-operation strategies of NMS.

### **2 Outline of the analysis**

The study begins with an analysis of the current development policies of the ten NMS which had joined the EU in 2004, based on available official documents. First, an over-

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1 We gratefully acknowledge the support of Maja Gracar and Marjan Huc in collecting relevant information.

2 European Parliament / Council / Commission, European Consensus on Development, 2005. Available at: <http://www.dfid.gov.uk/eupresidency2005/eu-consensus-development.pdf> (5.12.2006).

3 European Commission, Comprehensive monitoring report, 2003. Available at: [http://eurlex.europa.eu/smartapi/cgi/sga\\_doc?smartapi!celexplus!prod!CELEXnumdoc&lg=en&numdoc=503DC0675](http://eurlex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexplus!prod!CELEXnumdoc&lg=en&numdoc=503DC0675).

view of the existing level of development co-operation activities is carried out. Where possible, the countries, sectors and instruments of current development co-operation policies of these countries were analysed.

Primarily on the basis of accessible literature and to some extent with the help of contacts in the countries themselves, key issues in each country's development co-operation policies were identified, including the problem of awareness and fund raising, involvement of the civil society and participation in various EU-led initiatives in development co-operation. At the policy level, specific attention was paid to the assessment of the level of inclusion of the European Consensus on Development in the national development co-operation policies and strategies. Also, the research tried to provide an indication of the current level of participation of NMS in different European Commission initiated development co-operation programmes and assess what could be their role in the future.

The limitations of the research were several. The short time frame available contributed to the fact that little information was obtained directly from the contacts in the countries. Another common observation is the lack of systematic monitoring of development co-operation policies in these countries, resulting from the fact that this is a new area of activity. Development co-operation as such is going through a period of "development" as well, both in terms of institutions as well as personnel. In addition, our preliminary research shows serious problems with data in English (there would be documentation available in the national language, which we could not use). More conclusive assumptions would therefore require additional work and verification of findings within the countries. Therefore, this analysis should be treated as preliminary work in a rather complex field, focusing as much on the content as on identification of the problems of doing such research.

The study presents each of the ten NMS that joined the EU in 2004, looking at the legal and institutional framework, a system of setting of development co-operation priorities and giving some statistical information. Again, the heterogeneity of data available explains somewhat different structure of each of the cases.<sup>4</sup>

### **3 Hungary**

#### **3.1 Overview of Hungarian development co-operation**

Until recently, Hungary was an aid recipient country. By acceding to the OECD and the European Union, Hungary officially became a donor,<sup>5</sup> however Hungary started to build the legal and institutional framework for the development activities even earlier. After May 2004, Hungary had to agree to fulfil the EU principles and practices of the develop-

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4 The data collection was carried out in October and November 2006.

5 MFA, Brief Summary of Hungary's International Development Co-operation Activities, 2006. Available at: [http://www.kulugyminiszterium.hu/NR/rdonlyres/A009E6A9-64DB-4C29-9413-141C9B045A4A/0/nefe\\_osszefoglalo\\_en\\_2006.pdf](http://www.kulugyminiszterium.hu/NR/rdonlyres/A009E6A9-64DB-4C29-9413-141C9B045A4A/0/nefe_osszefoglalo_en_2006.pdf) (16.10.2006).

ment co-operation assistance, which are based on the UN Millennium Declaration<sup>6</sup> and the Millennium Development Goals.<sup>7</sup>

By 2006 the institutional, legal, and financial framework of the development co-operation has been laid down.

### 3.2 Legal framework

On the basis of the Government Decision 2319/1999, adopted on December 7, 1999, the Ministry of Foreign Affairs (MFA), Ministry of Economy and Ministry of Finance proposed a new approach to the international development co-operation, which was drafted in the Concept paper.<sup>8</sup> By the Concept Paper of International Development, approved by the Government of Hungary on July 24, 2001, Hungary replaced previous decentralised development co-operation practice with the standards, approved by the European Union, OECD DAC and United Nations.

The Resolution 1/2003<sup>9</sup> adopted by the International Development Co-operation Interdepartmental Committee on July 23, 2003, is setting the list of partner countries, recipients of the Hungarian development aid and priority branches.

According to the Memorandum of Understanding,<sup>10</sup> Hungary is one of the four countries (Czech Republic, Hungary, Poland and Slovak Republic, known as Visegrad Group), which are implementing the Official Development Assistance (ODA) in Central Europe Program (ODACE). The focus of these development programmes is the region of Central and Eastern Europe, the Middle East, Asia and Africa.

### 3.3 Institutional framework

General institutional framework:

- The MFA: determination of the policies

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6 UN Millennium Declaration was adopted in the General Assembly on September 8, 2000. Available at: <http://www.ohchr.org/english/law/millennium.htm> (28.10.2006).

7 The UN Millennium Development Goals (8) are concentrated on the reduction of poverty, hunger, HIV/AIDS, inequality between men and women, mortality of women and children and on the promotion of the sustainable development and universal education. Available at: <http://www.un.org/millennium-goals/> (27.10.2006).

8 MFA, Hungarian Policy For International Development Co-operation, 2003. Available at: [http://www.kulugyminiszterium.hu/kum/en/bal/foreign\\_policy/international\\_development/idc.htm](http://www.kulugyminiszterium.hu/kum/en/bal/foreign_policy/international_development/idc.htm) (28.10.2006).

9 MFA, Resolution 1/2003. Available at: [http://www.kulugyminiszterium.hu/kum/en/bal/foreign\\_policy/international\\_development/interdepartmental\\_committee.htm](http://www.kulugyminiszterium.hu/kum/en/bal/foreign_policy/international_development/interdepartmental_committee.htm) (27.10.2006).

10 Memorandum of Understanding was signed by the MFA of the Republic of Hungary and the CIDA on December 10, 2002. The memorandum refers to the ODA in Central Europe Program, implemented in the four Visegrad countries, namely the Czech Republic, Hungary, Poland and the Slovak Republic. The parties have reached the agreement to promote sustainable development and harmonize the development activities of the Republic of Hungary with the Concept Paper on the International Development Co-operation. Available at: <http://www.kulugyminiszterium.hu/NR/rdonlyres/2E0156E8-95ED-4723-B452-21B93D91980D/0/ODACE.pdf> (27.10.2006).

- The implementing agency: review and assessment of the project proposals from a technical and financial point of view
- The executive organisation (public and private companies, also non-governmental organisations – NGOs): execution of the projects.<sup>11</sup>

The MFA is responsible for harmonising the international development co-operation activities. Its responsibilities and competences are set in the Government Decree 82/2003, adopted on June 7, 2003.<sup>12</sup> The MFA also has to inform the Foreign Affairs and Budget Committee of the Parliament about the international development activities.

Within the MFA, the International Development Co-operation Department was established in October 2002. The department is responsible for planning, managing and organising development activities.

By the Decision 2121/2003, adopted on June 6, 2003, the Government established the International Development Co-operation Interdepartmental Committee (IDC IC), which is responsible for the determination of the partner countries and target areas of development activities. According to the Concept Paper of the International Development, the MFA takes a role of the interdepartmental coordinator and is responsible for drawing up the annual plan of the development activities.

The Interdepartmental Expert Group, made of representatives of the ministries, was founded on March 10, 2003 in order to assist IDC IC. The private sector and NGOs are primarily responsible for delivering the development activities.

In order to improve awareness of international development activities and the needs of least developed countries (LDCs) among the civil society and to increase public support, the Civil Advisory Board of the Hungarian International Development Co-operation was established. It is composed of the representatives of different political, public and professional organisations, the MFA and NGOs and it serves as a link between the government and the public opinion.<sup>13</sup>

### 3.4 Priorities

The priority countries were chosen from the LDCs group, whereas some of them are the Hungarian priority on the basis of the historical, economic, cultural or other bilateral relations.<sup>14</sup>

Article 3 of Resolution 1/2003 states the list of partner countries, recipients of development aid offered by Hungary:

- *Strategic partner countries*: Serbia and Montenegro, Bosnia-Herzegovina, Vietnam and Palestinian National Authority.

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11 See footnote 8.

12 See footnote 8.

13 MFA, The Civil Advisory Board of the Hungarian International Development Co-operation. Available at: [http://www.kulugyminiszterium.hu/kum/en/bal/foreign\\_policy/international\\_development/civil\\_advisory.htm](http://www.kulugyminiszterium.hu/kum/en/bal/foreign_policy/international_development/civil_advisory.htm) (27.10.2006).

14 See footnote 5.

- *Other partner countries:* Macedonia, Moldavia, China, Mongolia, Kyrgyzstan and Ukraine.
- *LDCs:* Ethiopia, Yemen, Cambodia and Laos.
- *Under international commitment:* Afghanistan and Iraq.

Article 3 of the Memorandum of Understanding is setting the regions of the joint Hungarian-Canadian development activities. The projects should take place in the priority regions, namely Central and Eastern Europe, Middle East, Asia and Africa.

The sector priorities of the Hungarian development assistance are set on the basis of the UN Millennium Goals and Hungary's comparative advantages.<sup>15</sup>

According to article 4 of Resolution 1/2003, the Interdepartmental Committee agreed on the priorities in the following sectors: knowledge transfer, sharing experience in political system changes, promotion of education, technical training, information technology, agriculture, health, infrastructure planning and environment protection.

According to the MFA, Hungary is trying to strengthen its capacity in bilateral development co-operation.

### 3.5 Statistics

Hungary's development activities are mainly financed from the central budget.<sup>16</sup>

In 2001, when no separate international development co-operation budget existed, Hungary disbursed 0.027 % of its Gross National Income (GNI) for development purposes. In 2002 the percentage increased to 0.035 of GNI and was approximately the same in 2003.

In 2004, Hungary spent up to 54 million EUR on official development activities, which corresponded almost to 0.07 % of the GNI. Due to the accession to the EU and consequently to the contributions to the EU common budget, the amount grew to 74 million EUR or 0.09 % of GNI in 2005. On the basis of the European Council Conclusions<sup>17</sup> of May 24, 2004, Hungary is striving to reach the goal of 0.17 % by 2010.

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15 See footnote 5.

16 See footnote 5.

17 External Relation Council, Brussels 24 May 2004, Council Conclusions: Acceleration progress towards achieving the millennium development goals. According to article 4, the Council Conclusions are setting the volume of the ODA. The member states, accessed after 2002 (one of them is Hungary) have to strive to increase the percentage of ODA to reach the level of 0.17 % by 2010 and 0.33 % by 2015. Available at: <http://www.eu2005.lu/en/actualites/conseil/2005/05/23cagre/milldego.pdf> (27.10.2006).

## 4 Slovakia

### 4.1 Overview of Slovak development co-operation

The activities of the Slovak development assistance are mostly defined in the annually adopted National Programmes. The National Programme of 2006, published by the MFA and approved by the Slovak Government on 12 April 2006, is defining the programme and the key project priorities for this.<sup>18</sup>

The Slovak development co-operation comprises a wide array of political, programme and project activities, which are a part of the Slovakia's foreign policy. In the last years these activities have grown in importance, because Slovakia, as a non-permanent member of the Security Council, started to assign greater importance to global issues.<sup>19</sup>

Regarding the multilateral assistance, Slovak Republic is very active within the organisations as the UNDP, the WFP, the FAO and the UNIDO: This was approved in the Medium-Term Strategy for ODA 2003–2008.<sup>20</sup> Slovakia will also contribute to the 10<sup>th</sup> European Development Fund (EDF).<sup>21</sup>

### 4.2 Legal framework

- The Medium-Term Strategy for ODA: 2003–2008<sup>22</sup> is declaring goals and priorities of Slovak development assistance, territorial and sector priorities.
- The Slovak MFA has created the Country Strategy Paper,<sup>23</sup> a programme document for the development co-operation with Republic of Serbia and Montenegro.
- The 2004 Official Development Aid National Programme<sup>24</sup>
- The 2005 Official Development Aid National Programme<sup>25</sup>
- The 2006 Official Development Aid National Programme<sup>26</sup>

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18 The 2006 Official Development Aid National Programme. Available also for years 2005, 2004 and 2003 at: <http://www.slovakaid.sk/en/index.php/article/archive/2/> (30. 10. 2006).

19 See footnote 18.

20 Medium – Term Strategy for ODA: 2003–2008 by the Slovak Government in 2003. Available at: <http://www.slovakaid.sk/en/index.php/article/articleview/30/1/2/> (28. 10. 2006).

21 The planned budget of the 10th EDF is EUR 22.6 billion for the period of 2008-2013. The Slovak contribution will present 0.21 % of this amount – EUR 47 million. Source: see footnote 18.

22 Medium – Term Strategy for ODA: 2003–2008 by the Slovak Government in 2003. Available at: <http://www.slovakaid.sk/en/index.php/article/articleview/30/1/2/> (28. 10. 2006).

23 Country Strategy Paper for Serbia and Montenegro, 2003. Available at: [http://www.slovakaid.sk/en/index.php/article/articleview/50/1/2](http://www.slovakaid.sk/en/index.php/article/articleview/50/1/2/) (24.11.2006).

24 The 2004 Official Development Aid National Programme, 2004. Available at: [http://www.slovakaid.sk/en/index.php/article/articleview/65/1/2](http://www.slovakaid.sk/en/index.php/article/articleview/65/1/2/) (24.11.2006).

25 The 2005 Official Development Aid National Programme, 2005. Available at: [http://www.slovakaid.sk/en/index.php/article/articleview/73/1/2](http://www.slovakaid.sk/en/index.php/article/articleview/73/1/2/) (24.11.2006).

26 The 2006 Official Development Aid National Programme, 2006. Available at: [http://www.slovakaid.sk/en/index.php/article/articleview/87/1/2](http://www.slovakaid.sk/en/index.php/article/articleview/87/1/2/) (24.11.2006).

### 4.3 Institutional framework

Until 2003, no management or implementation capacities existed in Slovakia. In 2003, the MFA concluded that the programme management will be under the responsibility of the MFA and the project management under the separate agency. MFA is also drafting the special law of the international development co-operation. The law should be adopted by the end of 2006.

According to the Slovak Government's Resolution 332/2002, adopted on 3 April 2002, the MFA plays a leading role of the coordinator for the Slovak development co-operation activities (MFA, see the footnote 16). However, MFA is cooperating in the process of the implementation with the Ministry of Interior, the Ministry of Environment, the Ministry of Agriculture and the Ministry of Education. The Slovak government has also established the ODA Coordination Committee, an advisory body to the MFA.

The Slovak development policy is closely connected with the work of the NGOs and the private sector. The MFA is cooperating mainly with the Platform of the Ministry of Construction and Regional Development and the Federation of Employers Association. Both organisations have their representatives in the ODA Coordination Committee and in the ODA Steering Committees.

### 4.4 Priorities

In 2002, the MFA set several beneficiary countries, which were presented in the Medium-Term strategy for ODA 2003–2008. The countries were approved on the basis of the criteria:

- political & economic criteria (coherence with the foreign policy of the Slovak Republic, economic co-operation and trade)
- logistical and practical criteria (presence of the representation of the Slovak Republic, activities of NGOs, historic links, presence of Slovak community)
- General criteria (level of social and economic development).

Based on these criteria the following list of priority countries was approved by the board of the MFA: Serbia and Montenegro, Afghanistan, Albania, Bosnia and Herzegovina, Kazakhstan, Kenya, Kyrgyzstan, Macedonia, Mongolia, Mozambique, Sudan, Tajikistan and Uzbekistan.<sup>27</sup>

After three years experience of bilateral development co-operation with these countries, practice has shown that the priorities were set too broadly. Therefore, the MFA has narrowed down the definition of the sector and territorial priorities. In 2006, the MFA

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<sup>27</sup> See footnote 20.



adopted the following list of the priority countries: Serbia and Montenegro,<sup>28</sup> Kenya, Sudan, Kyrgyzstan, Kazakhstan, Ukraine and Belarus.<sup>29</sup>

The projects with these countries were implemented through the Bratislava – Belgrade Fund<sup>30</sup> and through the Trust Fund, established in 2003 by the MFA and UNDP.

Slovakia is active in projects of trilateral co-operation, managed by the Canadian International Development Agency (CIDA), which is cooperating with all four states of the Visegrad Group (Poland, Slovak Republic, Czech Republic, Hungary).<sup>31</sup>

Slovakia has also concluded negotiations with the Austrian Development Agency (ADA). The first projects will be oriented to Serbia, Montenegro, BiH, Kenya and Mozambique.

Regarding multilateral assistance, Slovak Republic is very active with organisations as UNDP, WFP, FAO and UNIDO, which was approved in the Medium-Term Strategy for ODA 2003–2008.

Slovak Republic is also paying contributions to the joint EU budget and will contribute to the 10<sup>th</sup> EDF.<sup>32</sup> It is thus providing development assistance through the mechanism of the EU.

As in the case of the territorial priorities, the sector priorities are centralised and specialised. Priorities are harmonised with Slovak comparative advantages (institutional framework, know-how, experience and capacities).

The priority sectors of Slovak development activities are divided into three areas:

- developing democratic institutions and market environment
- infrastructure
- landscaping, protection of environment, agriculture, food safety and use of raw materials.

#### 4.5 Statistics

The national ODA has increased during the last few years from 0.048 % in 2003 to 0.072 % (25.9 million EUR) in 2004. In 2005, Slovakia wrote off the debt of Afghanistan,

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28 Serbia and Montenegro are listed as a single country, since they became independent in June 2006 (after the adoption of the National Programme).

29 See footnote 18.

30 The Bratislava – Belgrade Fund was established on the basis of the Agreement between the Government of the Slovak Republic and the Council of Ministers of Serbia and Montenegro on Development Co-operation, adopted on 19 June 2003. Available at: <http://www.slovakaid.sk/en/index.php/article/articleview/39/1/2/> (28.10.2006).

31 See footnote 18.

32 Slovak contribution will represent 0.21% (i.e. 47 millions EUR) of the total amount of the 10th EDF. Available at: <http://www.slovakaid.sk/en/index.php/article/articleview/87/1/2/> (24.11.2006).

of Sudan and of Iraq. As a result of debt forgiveness, the share of the ODA increased to 0.12 % of GDP (49.5 million EUR).<sup>33</sup> Slovakia will strive to reach the goal 0.17 % GNI until 2010 and 0.33 until 2015.

## 5 Estonia

### 5.1 Overview of Estonian Development Co-operation<sup>34</sup>

Estonia was first mentioned as a donor country in the OECD DAC's (DAC) 1999 report.<sup>35</sup> A special budget line for development co-operation was introduced in 1998. Since then, Estonia adopted a law to increase the transparency of the decision-making process and of project management in the area of development co-operation. Additionally, some humanitarian aid actions were undertaken. After the issuance of the comprehensive monitoring report on Estonia's preparations for EU membership<sup>36</sup> in 2003, Estonia further pursued the shaping of a development policy in line with EU principles, particularly as regarded financial expenditure levels, given that the 2003 budget in this area represented less than 0.01 % of GDP.

In 2005, the ODA budget represented 0.08 % of GNI (as reported to OECD DAC). Estonia will strive towards increasing its contribution to 0.17 % of GNI in 2010 as well as towards advancing its status and role among other international donors.<sup>37</sup> Moreover, it incorporated the guidelines laid down by the OECD DAC, as well as the commitments and objectives that Estonia has approved in the context of the UN and other international organisations into Estonian development policy.

### 5.2 Legal and institutional framework

The Estonian objectives and priorities for development co-operation are outlined in the »Principles of Development Co-operation and Aid<sup>38</sup>«. The document states: »As an integral part of Estonian foreign policy, development co-operation is directed towards ensuring peace, democracy, the observance of human rights, economic and social stability and the eradication of poverty in the world in accordance with internationally approved principles of sustainable development.«

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33 See footnote 18.

34 Acknowledging the contribution of Marje Sotnik, Director of the Development Co-operation Division, who provided for an overview of Estonian development policy, in particular statistical data about the development co-operation activities.

35 MFA, Overview of Estonian development co-operation, 2005. Available at: [http://www.vm.ee/eng/kat\\_178/3462.html](http://www.vm.ee/eng/kat_178/3462.html) (20.11.2006).

36 European Commission, Comprehensive monitoring report on Estonia's preparations for Membership, 2003. Available at: [http://ec.europa.eu/development/body/organisation/docs/CMR\\_EE.pdf](http://ec.europa.eu/development/body/organisation/docs/CMR_EE.pdf) (20.11.2006).

37 See footnote 34.

38 Principles of Development Co-operation and Aid, approved by Riigikogu Resolution, 15.1.2003. Available at: [http://www.vm.ee/eng/kat\\_178/3815.html](http://www.vm.ee/eng/kat_178/3815.html) (20.11.2006).

According to the »Government of the Republic Act«, adopted by the Regulation of the Government of the Republic No. 124, the MFA is responsible for, and co-ordinates, the Estonian development policy in terms of policy planning and implementation.<sup>39</sup> Since 2001, a separate Development Co-operation Division in the External Economics and Development Co-operation Department of the MFA is the co-ordinator for policy planning and implementation.

The formal rules of procedure for development co-operation projects are defined in the »Foreign Relations Act«, and further specified in »Procedure for the Provision of development assistance and humanitarian aid<sup>40</sup>«. The procedure explains that the MFA distributes development assistance and humanitarian aid in co-operation with relevant institutions and persons on a basis of approval of the Minister of Foreign Affairs. The Minister decides on a basis of recommendation from the Development Co-operation Commission (hereinafter Commission), which assesses the submitted projects and in certain cases requests additional information from the submitter of the projects.

The Commission was established in 2003.<sup>41</sup> It is an inter-ministerial body, including representatives of the Ministry of Economic Affairs and Communications, the Ministry of Finance, the Ministry of Internal Affairs and the MFA, as well as representatives of other governmental authorities and experts in its activities, if needed. The MFA serves as a secretariat for the Commission.

Estonia does not (as of 2006) dispose of an independent implementation agency. Projects can be implemented by NGOs, ministries, other governmental institutions and private companies.

### 5.3 Evolution and distribution of the budget

In 2004, Estonia disbursed 6 million EUR for development co-operation activities.<sup>42</sup> Total ODA amounted to 3.6 million EUR, of which 13 % was allocated bilaterally. The majority of multilateral aid was allocated to the EC budget, and the rest was channelled primarily through the UN system.

In 2005, the percentage remained the same, however, the state funding amounted to approx. 8 million EUR (as reported to OECD DAC).<sup>43</sup> Bilateral aid accounted for 20 % of total ODA in 2005, of which 12 % was channelled through NGOs, based on their own project proposals and taking into account the partner-country needs. 73 % of total bilateral aid (including humanitarian assistance) went to Asia, of which 44 % was directed to South

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39 MFA, Overview of Estonian Development Co-operation, 2005. Available at: [http://www.vm.ee/eng/kat\\_178/3462.html](http://www.vm.ee/eng/kat_178/3462.html) (20.11.2006).

40 Procedure for the Provision of development assistance and humanitarian aid, published in the Annex of the Riigi Teataja 37/248, 28. 4. 2003. Available at: <http://web-static.vm.ee/static/failid/377/Procedure.pdf> (20.11.2006).

41 See footnote 34.

42 See footnote 34.

43 See footnote 34.

and Central Asia. The largest recipient countries of Estonian ODA in 2005 were Indonesia, Georgia, Pakistan, Ukraine and Iraq.

The main contribution that was provided multilaterally was to the EC budget and accounted for 65.3 % of total ODA, 81.6 % of total multilateral aid. The rest of its multilateral assistance was channelled primarily through the UN system (UNICEF, UNDP, UNHCR, UNFPA, and OCHA) but also other organisations like the ICRC, OSCE and EBRD.

<b>Table 1: ODA Statistics</b>			
2004		2005	
6 million EUR (0.08 % of GNI)		8 million EUR (0.08 % of GNI)	
3.6 million EUR (representing 0.05 % of GNI) for ODA		3.3 million EUR for OA	20 % bilaterally
13 % bilaterally	87 % multilaterally		80 % multilaterally
Source: Ministry of Foreign Affairs of Estonia, Development Co-operation Division Working Paper, 2006			

#### 5.4 National ODA strategy

In May 2006, the Government approved the »Strategy of Estonian Development Co-operation and Humanitarian Aid 2006–2010«<sup>44</sup>. It formulates the objectives of Estonian development co-operation and humanitarian aid, the fields of activities, as well as specifies major partners amid the countries and international organisations up to the year 2010.

The document states Estonia's continuous support for consistent economic and social development. It affirms that Estonian development policy is directed towards the common values of the EU and based on the respect for the UN Millennium Declaration and the principles for humanitarian and development aid established by international organisations, as the UN, the OECD and the EU. Estonian assistance is particularly committed to the principle of partnership and ownership, which advocates that the main responsibility for development primarily lies with the developing countries themselves.

#### 5.5 Sectors and geographic zones for intervention

Estonia has undertaken development projects in the following countries: Ukraine, Georgia, Armenia, Albania, Tajikistan, Moldova, Kyrgyzstan, Belarus, Azerbaijan etc. The

<sup>44</sup> Strategy of Estonian Development Co-operation and Humanitarian Aid 2006–2010. Source: See footnote 34.

fields of co-operation range from WTO accession negotiations and reform of national health care systems to the implementation of information technology in state administrations.<sup>45</sup>

According to the Estonian strategy paper, the ultimate objective of Estonia's development co-operation will be poverty reduction.<sup>46</sup>

As priority sectors it defines: good governance and democratisation, education, economic development and trade liberalisation, environment, information and communications technologies.

The assistance will be concentrated to four countries: Georgia, Moldova, Ukraine and Afghanistan.

In the past few years, Estonia provided humanitarian aid mainly to war refugees in Lebanon, Sudan, Iraq, Kosovo, Chechnya and Afghanistan (Sotnik, 2006). Furthermore, it offered emergency assistance to the earthquake victims in Pakistan, South-East Asia, Iran, Turkey and India as well as assisted in reducing the consequences of the floods in Poland and Czech Republic and the famine in Georgia.

When responding to such crises, the Estonian government closely co-operates with NGOs, particularly with the Estonian Disaster Relief Team (EDRT) which proved to be successful in Indonesia and Pakistan. According to the new strategy, the focus in humanitarian aid will be paid to emergency assistance and urgent relief.

## 5.6 Collaborations

Estonia has implemented an increasing number of *trilateral co-operation projects*, in particular with Canada (for Ukraine) and with the United Kingdom (supporting Ukraine, Moldova, Uzbekistan).<sup>47</sup> In close co-operation and with financial support of Finland, Iceland and the UN mission in Georgia, Estonia launched a project in the field of training of Georgian law enforcement officers. The project of capacity building that concerned a training centre for penitentiary and probation in Georgia, and the project of development of a rescue service in Armenia were implemented with Sweden.

Concerning *multilateral collaborations*, Estonia channels its ODA mainly to the EC budget. Additionally, the country has regularly supported the operations of several United Nations agencies, such as UN Development Programme (UNDP), UN High Commissioner for Refugees (UNHCR), UN Office for the Co-ordination of Humanitarian Affairs (OCHA), UN Voluntary Fund for Indigenous Populations and UN Voluntary Fund for the International Decade of the World's Indigenous People. Furthermore, it has contributed to a number of specific projects, like protecting children's rights in the North Caucasus through UN Children's Fund (UNICEF) or OSCE Voluntary Fund for Activities Related to

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45 See footnote 34.

46 See footnote 34.

47 See footnote 34.

**Box 1: Example of Estonian development projects**

In 2005, the MFA allocated ca 63,112 EUR for bilateral development aid to Ukraine.<sup>48</sup> The first project's cost was 12,170 EUR and was a two-week EU and NATO training for the students of the Ukrainian Diplomatic Academy at the Estonian School of Diplomacy (ESD). For the training of the Ukrainian municipal employees on transition management which was implemented by the Põlva County Government, 7,953 EUR were allocated. There was also a follow-up of the Põlva County Government Aquatilis project for which Estonia allocated another 9,199 EUR. The next project was a training of Ukrainian civil servants in Estonia from environmental and social fields, which was organized by Centre for Public Service Training and Development, and accounted for 18,093 EUR. The training was actually a follow-up to the earlier very successful training project CUBEMTP (Canada-Ukraine-Baltic Economic Management Training Program) that took place from 2000-2004. The last project of 15,697 EUR was allocated for training of the Ukrainian Chamber of Commerce and Industry employees in the field of European integration. In 2006, the Estonian School of Diplomacy (ESD) will carry out a training programme for Ukrainian civil servants on the European Union for which 19,448 EUR will be allocated.

To Moldova the MFA allocated 13% of bilateral aid, accounting for 31,232 EUR.<sup>49</sup> To be more specific, MFA allocated 8,370 EUR for a scholarship in the field of International relations and European integration at the Estonian School of Diplomacy in the academic year 2005/06. The same project was implemented in 2006. Another project in 2005, which cost 15,959 EUR, was implemented by the Centre for Public Service Training and Development and was targeted to the Ministry of Justice and the Parliament of Moldova to strengthen their administrative capacity necessary to harmonize the Moldavian legislation with EU legislation. In 2006, the MFA allocated 31 413 EUR for the implementation of trainings for Moldovan civil servants in Estonia on European Union issues.

the Removal and Destruction of Russian Military Equipment and Ammunition from Moldova.

Estonia is a member of and donor to the International Red Cross Committee and several other internationally active organisations committed to promoting global peace and security.

## 5.7 The future

MFA has identified two issues of importance that shall be addressed in the future:

- (a) raising of public awareness on development co-operation issues in Estonian society;
- (b) reinforcing its partnerships with civil society organisations, which play a significant role both in policy formulation and in project implementation.

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48 MFA, Estonia Today, Bilateral development co-operation, Partner country: Ukraine, June 2006.

49 MFA, Estonia Today, Bilateral development co-operation, Partner country: Moldova, June 2006.

## 6 Latvia

### 6.1 Overview of Latvian development co-operation<sup>50</sup>

In 1999, Latvia created the Foreign Economic Department within the MFA and officially began its development policy.<sup>51</sup> A legal framework dealing with development and humanitarian assistance has been in place since the adoption of the principles for the Latvian Development Co-operation in 2003, followed by three annual policy plans and two mid-term (5-year) policy documents. The national ODA has been disbursed mainly through multilateral channels; the rest of it was allocated for bilateral technical assistance projects in the Commonwealth of Independent States (CIS) and Balkan regions. The share of national GNI for ODA increased significantly with Latvia's accession to the EU (from 0.008 % in 2003 to 0.06 % in 2004).

### 6.2 Legal and institutional framework

»The Basic Principles for the Development Co-operation Policy of the Republic of Latvia<sup>52</sup>« set out the fundamental principles of the Development co-operation policy: poverty reduction, effectiveness of the aid extended, needs of the recipient countries, co-liability of the recipient and donor countries in utilizing the aid, and coordination of development co-operation policy with other donor countries. The objectives of the policy are in line with those defined in the UN Millennium Declaration. Furthermore, it defines the priority regions for Latvian co-operation (the CIS and Balkan regions). The “Development Co-operation Policy Plan 2005”<sup>53</sup> was more specific by identifying Georgia, Moldova, Ukraine, Uzbekistan and Belarus as priority countries for intervention. According to the “Development Co-operation Policy Plan 2006”<sup>54</sup> the priority countries for 2006 were only Moldova and Georgia. The bilateral aid was further regulated through “Latvia’s Development Co-operation with Moldova - Country Strategy Paper 2006–2008”<sup>55</sup> and “Latvia’s Development Co-operation with Georgia Country Strategy Paper 2006–2008”<sup>56</sup>. The “De-

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50 Acknowledging the contribution of Anda Grindberg, who provided for the statistical data of ODA spending and an overview of the Latvian development policy.

51 Lena Krichewsky, *Development policy in the accession countries*, Trialog Report, 2nd edition, Vienna 2003.

52 The Basic Principles for the Development Co-operation Policy of the Republic of Latvia, approved by the Cabinet of Ministers, Order No. 107, 19. 2. 2003. Available at: <http://www.am.gov.lv/en/DevelopmentCo-operation/BasicDocuments/BasicPrinciples/> (20.11.2006).

53 Development Co-operation Policy Plan 2005, approved by Cabinet of Ministers Order No. 594, 31.08.2004. Available at: <http://www.am.gov.lv/en/DevelopmentCo-operation/BasicDocuments/PolicyPlan/> (20.11.2006).

54 Development Co-operation Policy Plan 2006, adopted by the Cabinet of Ministers Order No. 771, 30.11.2005. Available at: <http://www.am.gov.lv/en/DevelopmentCo-operation/BasicDocuments/PolicyPlan-2006/> (20.11.2006).

55 MFA, *Latvia’s Development Co-operation with Moldova Country Strategy Paper 2006–2008*. Available at: <http://www.am.gov.lv/en/DevelopmentCo-operation/BasicDocuments/Moldova/> (20.11.2006).

56 MFA, *Latvia’s Development Co-operation with Georgia Country Strategy Paper 2006–2008*. Available at: <http://www.am.gov.lv/en/DevelopmentCo-operation/BasicDocuments/Georgia/> (20.11.2006).

velopment Co-operation Policy Plan 2007”<sup>57</sup> listed Moldova, Georgia and Ukraine.

In order to strengthen Latvia's international role as a new donor country by ensuring wide involvement of governmental institutions and the society in defining policy priorities and in implementation, the Cabinet of Ministers adopted the ”Development Co-operation Policy Programme of the Republic of Latvia 2006–2010”<sup>58</sup>. The document defines the objectives, policy and performance results, main focus task areas, timescales for implementation, institutions responsible for implementation, and reporting procedures.

It further sets out Latvia’s interest to help implement, through utilizing EU initiatives, political and economic reforms in regions where it is needed. For this reason it plans to introduce an appropriate coordination mechanism between the relevant institutions in Latvia, as well as between Latvia and international organizations and other partners. Special emphasis in the programme has been laid out for the activities involving civil society (awareness raising, project management).

Additionally, the Cabinet of Ministers adopted the “Conception for Increasing State Budget Financing for Implementation of the Development Co-operation Policy of the Republic of Latvia 2006–2010”<sup>59</sup>, because regular and gradually increasing state-budgeted funding is essential to meeting the financial commitments to the European development policy goals. The Conception proposes to achieve ODA of at least 0.1 % of GNI by 2010.

The “Regulation on the Introduction, Management, Monitoring and Control of Grant Programmes for Implementation of the Development Co-operation Policy”<sup>60</sup> is another document in the list of those that form legislative framework.

Considering the administrative structure, the main responsibility of formulation of the policy and coordination and evaluation of development co-operation activities lies with the MFA. The Development Co-operation Policy Department within the MFA comprises nine employees, divided into the Multilateral Co-operation Policy Division and the Bilateral Assistance Co-operation Division. Since 2003, the Consultative Council on Development Co-operation Policy Issues serves as a forum for discussion and exchange of information. A decision making body regarding approval of financing of development co-operation activities was established in 2005. It consists of high-level officials from the MFA, Finances, Regional Development and Municipalities, Economy as well as the State Chancellery. Individual tasks require the involvement of respective Ministries, NGOs, private sector representatives and individual experts.

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57 Development Co-operation Policy Plan 2007, approved by Cabinet of Ministers Order No. 769, 4.10.2006.

58 Development Co-operation Policy Programme of the Republic of Latvia 2006–2010, adopted by the Cabinet of Ministers by Order No. 76, 9.2.2006. Available at: <http://www.am.gov.lv/en/DevelopmentCo-operation/BasicDocuments/Programme/> (20.11.2006).

59 Conception for Increasing State Budget Financing for Implementation of the Development Co-operation Policy of the Republic of Latvia 2006–2010, adopted by the Cabinet of Ministers Order No. 76, 9.2.2006. Available at: <http://www.am.gov.lv/en/DevelopmentCo-operation/BasicDocuments/Conception/> (20.11.2006).

60 Regulation on the Introduction, Management, Monitoring and Control of Grant Programmes for Implementing of the Development Co-operation Policy, adopted by the Cabinet of Ministers Regulation No. 807, 25.10.2005.



<b>Table 2: ODA Statistics</b>					
	2001	2002	2003	2004	2005
ODA/GNI	0.019 %	0.01 %	0.008 %	0.06 %	0.07 %
Total (EUR)	1.57 Million	0.895 Million	0.74 Million	6.7 Million	9.05 Million
Source: MFA, Development Co-operation. Available at: <a href="http://www.am.gov.lv/en/Development%20Cooperation/">http://www.am.gov.lv/en/Development Cooperation/</a> (23.11.2006)					

At the moment Latvia channels most of its development assistance through multilateral channels, however it aims at raising its capacity in order to increase the part of assistance going through bilateral channels.

### 6.3 Evolution and distribution of budget

In 2004, Latvia allocated 6.7 million EUR for development co-operation purposes, representing 0.06 % of the GNI.<sup>61</sup> Out of total ODA budget, 97 % comprised payments to international organizations (including the European Union, United Nations Agencies, International Organization for Migration, and the International Monetary Fund) and the rest was allocated for Latvia's bilateral assistance projects in developing countries.

In 2005, Latvia established a separate budget line for development co-operation and humanitarian aid. The ODA budget amounted to approx. 9 million EUR, representing 0.07 % of the GNI.

By 2010, Latvia plans to increase financing especially for Latvia's bilateral development co-operation activities, and will provide for financing for voluntary payments to international organizations.<sup>62</sup>

### 6.4 Sector and geographical priorities

According to the Latvian policy programme, an increased number of bilateral and trilateral co-operation projects will be implemented by 2010.<sup>63</sup> The Development Co-operation Policy Plan for 2007 sets out the following priorities for development co-operation projects of bilateral and trilateral co-operation:<sup>64</sup>

(1) support for public administration, local government and economic reform process;

61 Viktoria Hildenwall, *An Overview of Public Development Aid Systems in the European Union*, Paris 2006 (Agence Française de Développement).

62 See footnote 59.

63 See footnote 58.

64 See footnote 57.

- (2) support for the European and Transatlantic integration process;
- (3) promotion of the development of democratic and civil society;
- (4) implementation of development assistance projects in countries where Latvia is participating in peacekeeping missions;
- (5) education, culture, social development, health, environmental protection.

Focusing on Moldova, Latvia holds considerable potential to contribute to the strengthening of democratic governance and civil society, providing technical assistance in terms of know-how support for institutional transformation and capacity building, and assisting in creation of effective and harmonized mechanisms and legislation for Moldova's closer integration with the European Union (See foot note 38). However, Latvia lacks extensive resources for development co-operation what further emphasizes the necessity to concentrate Latvian development efforts in selected target sectors and to cooperate actively with other international donors in Moldova.

Latvian Co-operation with Georgia has been focused mainly on home affairs: combating terrorism, drug trafficking, organised crime and border guarding (to be expended in the future).<sup>65</sup> The common border with Russia is an issue both countries need to address jointly, by sharing their experience. Good co-operation has also been established between the Latvian and Georgian Police Academies regarding training of police officers. Furthermore, Georgia is interested in sharing Latvia's experience regarding forensic psychiatry and medicine due to the fact that the Latvian expert is participating in the EU THEMIS project.

In terms of geographic priorities, development assistance will not only be directed to Georgia and Moldova but also to Ukraine, whereas the co-operation with Belarus will take place only in a limited number of areas, so the 2007 Development Co-operation Policy Plan.

Latvia does not have a separate budget line for humanitarian assistance. It is provided on *ad hoc* basis with a separate decision taken by the Cabinet of Ministers. It is planned to simplify the allocation process in future.

Latvia allocated 140,000 EUR for the earthquake and tsunami victims in the Indian Ocean, another 82,242 EUR for the earthquake victims in Pakistan and the amount of 57,000 EUR in medicines for victims in Lebanon.

## 6.5 Collaborations

In 2005, Latvia provided support in co-operation with CIDA to the Republic of Moldova.<sup>66</sup> It was a capacity building project of the National Administration with regard

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65 See footnote 56.

66 MFA, Development Co-operation with Moldova in 2005. Available at: <http://www.mfa.gov.lv/en/DevelopmentCo-operation/Projects/Moldova-2005/> (20.11.2006).

to Reforms of the Penitentiary System and Institutions. The goal of the project was to decrease the number of detained persons, to stimulate initiatives regarding improvements in the legislation system in accordance with the European Convention on Human Rights, and to improve the management, personnel and training policy of the prison administration of the Republic of Moldova.

CIDA, Latvia and UNDP provided support to the Republic of Moldova in form of a capacity building project for the national administration in the areas of state border security, border guarding and control, as well as surveillance of foreigners. The goal was to transfer Latvian border guard experience and to provide recommendations to Moldova in order to enhance the capacity and professionalism of the state border guard of Moldova.

Another project was conducted by the Latvian Parliament in collaboration with the Swedish International Development Agency (Sida) for providing assistance to the parliament of Moldova.<sup>67</sup>

Latvia contributed to the following multilateral donors: EC, UN agencies, FAO, WMO, ILO, UPU, ITU, UNESCO, UNO, and IBRD.

## 6.6 The future

Latvia's priority is to gradually increase funding, improve the quality and effectiveness of the assistance provided, strengthen and elaborate the normative basis and mechanisms for development co-operation.<sup>68</sup>

## 7 Lithuania

### 7.1 Overview of Lithuanian development co-operation

Until 2003, Latvia had no development co-operation policy framework in force.<sup>69</sup> Therefore the European Commission called upon Lithuania to pursue the shaping of a development policy in line with EU principles, in particular with the guidelines laid down by the OECD DAC as well as the commitments and objectives that Lithuania has approved in the context of the UN and other international organisations. Furthermore, it had to ensure the necessary administrative capacity to participate in the EU development and humanitarian policies.

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67 See footnote 61.

68 See footnotes 58 and 59.

69 EC, Comprehensive monitoring report on Lithuania's preparations for membership, 2003. Available at: [http://ec.europa.eu/development/body/organisation/docs/CMR\\_LT.pdf](http://ec.europa.eu/development/body/organisation/docs/CMR_LT.pdf) (23.11.2006).

## 7.2 Legal and institutional framework

A legal framework for development co-operation and humanitarian assistance was set by the »Policy Paper of Lithuania for the provisions of Development Assistance for 2003–2005<sup>70</sup>«. The Policy Paper sets out the overall objectives of Lithuanian development co-operation policy - promotion of democratic governance, human rights, equal opportunities and eradication of poverty, grounded on the MDGs. It further defines the principles, objectives and tasks of Lithuanian development co-operation policy as well as specifies the target countries/regions, selected according to strategic, political, socio-economic and historical determinants. It is written in accordance with the “National Long-Term Development Strategy” approved by Resolution No. IX–1187 of the Seimas of the Republic of Lithuania of 12.11.2002.

Furthermore, the Government adopted the Resolution No 561 of 8 June 2006 on the “Approval of the Development Co-operation Policy Guidelines of the Republic of Lithuania for 2006–2010”<sup>71</sup> It defines the objectives, principles, geographical and sector priorities, the roles for coordination of the development co-operation policy, the ODA budget and measures for ensuring effectiveness of the policy.

According to this resolution, the objectives are those of the Millennium Declaration. Additionally, Lithuania aims: “to contribute to the development of the area of democracy, security and stability in neighbouring regions” and “to activate political, cultural, economic and social relations with the countries of the region” in order to enhance its role in shaping and implementing the policy of international organisations in the region and thus strengthening Lithuania’s national security.

A project, titled "Strengthening Lithuania's national capacities for development co-operation", was signed by the MFA and the United Nations Development Programme (UNDP).<sup>72</sup> It was launched on June 7, 2004.

The results on progress of the project were reported in the 2005 annual report of the United Nations resident coordinator in Lithuania<sup>73</sup>. In short, UNDP assisted Lithuania through joint advocacy, policy advice and project support in the areas of awareness raising, capacity building, and fund raising. In particular, UNDP has played a critical role in bringing together state authorities and civil society representatives in the thematic area of democratic governance. Furthermore, it was a strong advocator for the MDGs, in particular MDG8 (to »develop a global partnership for development«), in the framework of its Emerging Donor Initiative. These efforts resulted in strengthened government capacities to effectively participate in the international and national level.

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70 Policy Paper of Lithuania for the provisions of Development Assistance for 2003–2005, approved by the Resolution No. 564 of the Government of the Republic of Lithuania, 6.5.2003.

71 Government of the Republic of Lithuania Resolution no 561 of 8 June 2006 on the Approval of the Development Co-operation Policy Guidelines of the Republic of Lithuania for 2006–2010.

72 UNDP Lithuania, Emerging Donor Initiative. Available at: <http://www.undp.lt/en/?id=154> (23.11.2006).

73 United Nations Resident Coordinator in Lithuania 2005 Annual Report. Available at: <http://www.unctdatabase.undg.org/index.cfm?module=AnnualReport&page=GetDocumentFile&AnnualReportDocumentID=59> (23.11.2006).

According to the report, the United Nations Country Team (UNCT) was expected to continue helping the country also in 2006. It should further support Government efforts to promote Corporate Social Responsibility (CSR) and the UN Global Compact Initiative, as well as promote wider private sector engagement in the implementation of this initiative and other development projects.

Considering institutional framework, it is the responsibility of the MFA to elaborate and implement Lithuanian development co-operation policy, whereas the Ministry of Finance is particularly responsible for the co-ordination of policy towards international organisations and allocation of contributions to these. At the MFA, the Development Assistance Division of the Department of Multilateral Relations is responsible for policy formation and co-ordination of international development co-operation.<sup>74</sup>

### 7.3 Evolution and distribution of budget

Lithuania's development co-operation contribution in 2001 was 0,025 % of GNI and 0,022 % in 2002, including membership contributions to the international organizations, bilateral projects and spending on the maintenance of refugees centres (UN, see footnote 53).

In 2004, the national ODA accounted for 7.66 million EUR, representing 0.0418 % of the GNI. Another 5.4 million EUR were allocated for Official Assistance, with 4.64 million EUR allocated to multilateral agencies and 0.79 million EUR directly to Part II countries of the OECD DAC list. Around 90 % of total ODA in 2004 represented multilateral development assistance. The inclusion of Belarus and Ukraine into the OECD DAC list as ODA recipient countries from 2006 on would lead to a further increase of ODA in the coming years.

### 7.4 Sector and geographic priorities

Lithuania considers its transition experience and knowledge as a comparative advantage, which could be brought into the development co-operation framework particularly in East-East and East-South directions. The sector priorities are the following: promotion of democracy and justice; economic development, transport; Euro-integration processes; national security strengthening; environmental protection; health and social security; culture and education.

The option of concentrating in some of these sectors in the near future, for example on HIV/AIDS in the health sector, is being considered.

Focusing on geographical priorities, Lithuania will in the nearest term focus on the following regions: (1) Eastern Europe – the Republic of Belarus, the Republic of Moldova and Ukraine; (2) South Caucasus – the Republic of Armenia, the Republic of Azerbaijan and

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74 United Nations – Lithuania, Goal 8, Develop a global partnership for development. Available at: [http://www.un.lt/images/development\\_report/Goal8.pdf](http://www.un.lt/images/development_report/Goal8.pdf) (20.11.2006).

Georgia. Additionally, Lithuania considers itself obliged to provide assistance also to the countries recovering from conflicts, such as the Islamic Republic of Afghanistan and the Republic of Iraq.

Projects in 2004 included training of civil servants in Armenia, Ukraine and Kaliningrad, and study visits from Belarus and Iraq. A regional project concerned enhanced partnership in Northern Europe. Projects in 2005 included training of civil servants from Ukraine, Moldavia and Azerbaijan, fight against corruption in the Kyrgyz Republic, long term technical assistance to Georgia and study visits and scholarships to Belarus citizens as well as consultations of Belarus farmers.

## 7.5 Collaborations

In close collaboration with CIDA, Lithuania launched some capacity building programmes in Ukraine and Georgia.<sup>75</sup> In the nearest future it has intentions to collaborate with France in trilateral projects for Mauretania as well as with Denmark. As far as collaboration with multilateral donors is concerned, Lithuania has undertaken a project for »Strengthening of administrative capacities in development assistance« with the UNDP Office in Lithuania.

## 7.6 The future

Lithuania states the following priorities for the future: (1) To improve administrative capacities; (2) to increase ODA; (3) to raise the public awareness concerning development co-operation and to create a better exchange and closer partnership with civil society organisations, as well as to involve the private sector of Lithuania.

# 8 Cyprus

## 8.1 Overview of Cyprus development co-operation

In 1994, the Government launched the »Technical Assistance Scheme for Foreign Countries« with the aim of making the Cypriot know-how and expertise in economic transition and development available. Within the framework of the Scheme, 1155 scholarships in a value of 3.5 million GBP were offered. Additionally, the Government offered assistance on an ad hoc basis in the form of grants for small scale projects and delivered humanitarian assistance. However, the amount of assistance in the last five years was relatively low, ranging between 3–4 million EUR (representing 0.02 %–0.03 % of the GNI). By 2015 Cyprus aims to reach a fivefold increase of ODA.<sup>76</sup>

As a member of the EU, Cyprus had to reassess the entire framework of its development and humanitarian assistance by shifting its focus from the Eastern European Countries to the countries of Africa and of the European Neighbourhood Policy (Algeria, Armenia,

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<sup>75</sup> See footnote 61.

<sup>76</sup> Section 3 of the Medium Term Strategy for ODA 2006–2010.

Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Syria, Tunisia, Ukraine and the Palestinian Authority). A legislative framework is set by the »Medium Term Strategy for ODA 2006–2010«, while an administrative mechanism for coordination, implementation, monitoring and evaluation of national ODA policy is not yet fully operational.

## 8.2 Legal and institutional framework

According to part 1 of the medium term strategy, the Cypriot development policy is directed towards achieving the Millennium Development Goals, focusing on the elimination of poverty and diseases, the upgrading of living standards and the improvement of social conditions. All decisions are determined to the preservation of international peace and security, and to the promotion of the respect of human rights, democracy and rule of law.

Considering the institutional framework, the policy making mechanism retains a high degree of centralisation in the decision making phase. According to part 2 of the medium term strategy, it consists of the following bodies:

- The coordination body is headed by the Minister of Foreign Affairs, the Minister of Finance and the Permanent Secretary of the Planning Bureau.
- The consultative body to the coordination body is headed by the Permanent Secretary of the MFA and comprises of representatives of the Ministries of Finance, Commerce, Industry and Tourism, Agriculture, Natural Resources and Environment, Labour and Social Insurance, Education and Culture and the Planning Bureau, as well as representatives of the civil society.
- The planning bureau has the administrative and implementation functions for the decisions of the coordination body.
- The MFA has a representative function and is responsible for publicity.

## 8.3 Evolution and distribution of the budget

Since 1998, Cyprus allocated 3–4 million EUR (representing app. 0.02–0.03 % of the GNI) for ODA. As regards the evolution of the development co-operation budget, the Government had planned an increase of 1–2 million EUR annually over the next four years.<sup>77</sup> By 2010, the Cypriot national ODA should reach 29.7 million EUR to represent 0.17 % of the GNI and should by 2015 be increased to 77.2 million EUR (representing 0.33 % of the GNI), so the medium term strategy. Even though it sets forth these objectives, in view of the currently available figures, this does not seem likely.

In 2004, the Cypriot ODA budget amounted to 4.2 million EUR, representing 0.04 % of GNI.<sup>78</sup> The multilateral aid represented 70 % of the budget, 16 % was allocated for humanitarian assistance, 12 % to technical assistance and 2 % to pharmaceuticals and medical supplies.

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<sup>77</sup> See footnote 61.

<sup>78</sup> See footnote 61.

Multilateral aid is currently distributed to around 200 international organizations, there is however a proposition to focus it particularly on UNDP, UNIDO, FAO and UNFPA. Technical assistance included the provision of scholarships to citizens of selected countries, which are offered especially in the fields of forestry, business administration and hotel management and small and medium size enterprises management.

#### 8.4 Sectoral and territorial priorities

Based on the experiences, Cyprus listed three sector priorities in part 1 of the medium term strategy: (1) *Infrastructure development*; (2) *Social and services sectors*; and (3) *Environment*.

Respecting the principle of concentration, Cypriot assistance will be directed to 5 programme- and 14 project countries. The selected countries shall be politically significant to the European Union, and their identified needs shall fall within the framework of the Cypriot sector priorities. The programme countries are: Egypt, Mali, Lesotho, Yemen and the Autonomous Palestinian Authority. Project countries may also belong to the Least Developed Countries, and are the following: Armenia, Bangladesh, Bosnia-Herzegovina, East Timor, Georgia, Gambia, Iran, Kyrgyzstan, Moldova, Pakistan, Sudan, Sri-Lanka, Tadjikistan, and Uzbekistan.

#### 8.5 The future

There are two future challenges: (1) Raising the awareness and knowledge, within the ministries as well among the public, about development co-operation and different issues related to it; and (2) Setting up of administrative infrastructure to undertake projects on its own.

### 9 Malta

#### 9.1 Overview of Maltese development co-operation

According to Chapter 26 of “the Comprehensive monitoring report on Malta's preparations for Membership<sup>79</sup>», there was no policy framework in force. Malta therefore needed to ensure that there is a development policy in line with EU principles, in particular with the guidelines laid down by the OECD DAC, as well as the commitments and objectives that Malta has approved in the context of the UN and other international organisations. However, the administrative structure was operational since 2003, but needed further efforts to ensure that the administrative capacity for Malta's participation in EU committees and working groups for development co-operation was in place upon accession.

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79 European Commission, Comprehensive monitoring report on Malta's preparations for Membership, 2003. Available at: [http://ec.europa.eu/development/body/organisation/docs/CMR\\_MT.pdf](http://ec.europa.eu/development/body/organisation/docs/CMR_MT.pdf) (25.11.2006).



## 9.2 Legal and institutional framework

Malta's development policy is covered by Goal 18 in the »Strategic Objectives of Malta's Foreign Policy<sup>80</sup>«, stating that the MFA will elaborate a policy and work programme of humanitarian and development assistance, based on the value of solidarity.

The document was followed by discussion paper on »Malta's Overseas Development Policy and a Framework for Humanitarian Assistance<sup>81</sup>«. The Discussion Paper states that, *“the main objective is combating poverty through development to achieve economic and social progress in these societies torn by structural economic disparities, poverty, unsafe water and poor sanitation”*. Furthermore, it defines the underlying principles, sector and geographic priorities and regulates humanitarian assistance.

Focusing on the institutional framework, the main responsibility for development cooperation is given to the MFA.<sup>82</sup> It shall set up crisis centres in the emergency phase, coordinate NGO support and manage the process of selecting development assistance projects aimed at providing long term humanitarian and development assistance. The implementation shall be carried out by the MFA in conjunction with the Civil Protection Department, concerned line ministries and government agencies as well as non-governmental organisations as required.

In 2003, two new institutions were set up: the Development Policy Unit<sup>83</sup> and an Inter-Ministerial Committee.<sup>84</sup> The latter is chaired by the former, reporting on expenditures. Only recently a special reporting system was set up. In the aftermath of the tsunami catastrophe, a new Advisory Committee was set up, evaluating reports from NGOs and planning for effective use of financial assistance. A possibility to institutionalize it remains.

## 9.3 Evolution and distribution of the budget

In 2003, the national ODA represented 0.12 % of GNI.<sup>85</sup> Being increased in 2004, it accounted for 7 million EUR, representing 0.18 % of GNI. The figure remained the same in 2005.

State funding allocated for the implementation of bilateral development projects in 2004 represented only 3.32 % of total ODA. The assistance was given on a one-off and ad hoc basis, mainly as response to natural disasters. Nevertheless, the bilateral assistance projects for specific countries will be a long-term priority.

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80 MFA, Strategic Objectives of Malta's Foreign Policy, 8.2.2006. Available at: <http://www.foreign.gov.mt/showdoc.aspx?id=210&filesource=4&file=Strategic%20Objectives%20of%20Malta's%20Foreign%20Policy.pdf> (25.11.2006).

81 MFA, Malta's Overseas Development Policy and a Framework for Humanitarian Assistance. Available at: [http://www.foreign.gov.mt/showdoc.aspx?id=210&filesource=4&file=Dev%20Policy\\_Discussion%20Paper\\_Website.pdf](http://www.foreign.gov.mt/showdoc.aspx?id=210&filesource=4&file=Dev%20Policy_Discussion%20Paper_Website.pdf) (25.11.2006).

82 See footnote 80.

83 It consists of three persons; one head of unit and two desk officers.

84 See footnote 61.

85 See footnote 61.

## 9.4 Sector and territorial priorities

Malta, once itself a developing country, will give added value in its assistance to other developing countries in line with its own capacities and in areas where it has developed a comparative advantage. Within the context of the Millennium Development Goals (MDGs), Malta has set the following sector priorities: (1) the eradication of extreme poverty and hunger; (2) Health; (3) Education and recreational formation; (4) Information and Communications Technology (ICTs); (5) Democratization and good governance; (6) Children.<sup>86</sup>

In its bilateral assistance to developing countries, Malta will in particular focus on Least Developed Countries (LDCs) and Low Income Countries (LICs) as indicated in the OECD/DAC list<sup>87</sup>, which is subject to periodical reviews.

The main geographical areas of focus will be: (1) Sudan, Eritrea, Ethiopia and Somalia; (2) The Palestinian Territories; (3) Sri Lanka.<sup>88</sup>

## 9.5 Collaborations

Malta has collaborated only with multilateral donors like the United Nations system and Commonwealth's organisations (the Commonwealth Foundation, the Commonwealth Fund for Technical Co-operation and the Commonwealth Third Country Program).<sup>89</sup>

## 9.6 The future

Malta will strive to maintain the level of national ODA. The main challenges lie within the establishment of an institutional organisation to achieve an effective allocation of ODA. Furthermore, Malta is looking forward to future exchanges and collaborations with other European donors.<sup>90</sup>

# 10 Slovenia

## 10.1 Overview of Slovenian development co-operation

According to chapter 26 of the “Comprehensive monitoring report on Slovenia's preparations for Membership”<sup>91</sup>, Slovenia had established a system for the national co-ordination

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86 See footnote 81.

87 Available at: <http://www.oecd.org/dataoecd/43/51/35832713.pdf> (23.11.2006).

88 See footnote 81.

89 See footnote 61.

90 See footnote 81.

91 European Commission, Comprehensive monitoring report on Slovenia's preparations for Membership, 2003. Available at: [http://ec.europa.eu/enlargement/archives/pdf/key\\_documents/2003/cmr\\_si\\_final\\_en.pdf](http://ec.europa.eu/enlargement/archives/pdf/key_documents/2003/cmr_si_final_en.pdf) (27.11.2006).

of development and humanitarian aid by 2003. Slovenia was completing preparations for the EU policy in international development co-operation. Humanitarian aid had been provided on a reasonable scale through the UN and Red Cross organisations. A legislative framework has been set up only in 2006 by adopting the Act on Slovenian development co-operation<sup>92</sup>. On its basis, two bodies were established: Working Group for International Development Co-operation and Humanitarian Assistance and the Council of Experts for International Development Co-operation. Furthermore, the Resolution on Development Co-operation is expected by spring of 2007.

## 10.2 Legal and institutional framework

Establishing a legal framework for development co-operation and humanitarian assistance, the »Act on Foreign Affairs<sup>93</sup>« gave the MFA the responsibility to co-ordinate Slovenian ODA.<sup>94</sup>

The first MFA report »International Development Co-operation and Humanitarian Assistance of Slovenia 2002–2004<sup>95</sup>« is a valuable collection of financial data on public funds which were directed to international development co-operation and humanitarian assistance.

Furthermore, the Act on Slovenian development co-operation sets out the objectives and regulates the planning, financing and implementation of Slovenian development co-operation in a long-term.

According to the Act, the objectives of Slovenian development policy are:

- (1) Campaign against poverty in the developing countries through promotion of sustainable economic and social development;
- (2) Insurance of global peace and security, in particular work for the strengthening of democracy, rule of law, good governance, and respect for human rights in the developing countries;
- (3) Campaign against HIV/AIDS, malaria etc. and achieve a decrease of death rate of babies and mothers;

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92 Act on Slovenian development co-operation (Zakon o mednarodnem razvojnem sodelovanju Republike Slovenije): Ur.L. RS 6.7.2006 (70) 7256, adopted by the Assembly of the Republic of Slovenia, 23.6.2006. Available at: <http://www.uradni-list.si/1/objava.jsp?urlid=200670&stevilka=2999> (27.11.2006).

93 Act on Foreign Affairs (Zakon o zunanjih zadevah), adopted by the Assembly of the Republic of Slovenia, 24.4.1991. The consolidated Act on Foreign Affairs (Prečiščeno besedilo zakona o zunanjih zadevah): Ur.L. RS 20.11.2003 (113) 15445, adopted 2.10.2003. Available at: <http://www.uradni-list.si/1/objava.jsp?urlid=200145&stevilka=2549> (25.11.2006).

94 MFA, International Development Co-operation of Slovenia. Available at: <http://www.mzz.gov.si/index.php?id=65&L=2> (25.11.2006).

95 MFA of the Republic of Slovenia, International Development Co-operation of the Republic of Slovenia 2002–2004, 2005. Available at: [http://www.mzz.gov.si/fileadmin/pageuploads/dokumenti/eng\\_mednarodno\\_humanitarno\\_sodelovanje.pdf](http://www.mzz.gov.si/fileadmin/pageuploads/dokumenti/eng_mednarodno_humanitarno_sodelovanje.pdf) (25.11.2006).

- (4) Facilitate access to the educational resources without prejudice to gender, race or religious belief;
- (5) Promotion of sustainable development through environmental conservation, protection of natural resources, economic growth and sustainability, and increased concern for social inclusion and justice;
- (6) Provision of basic social services and good governance with respect for social and personal security;
- (7) Enhancement of bi- and multilateral co-operation with priority countries;
- (8) Specific objectives according to the foreign policy interests and a Resolution.

The Resolution on International Development Co-operation, which shall on the recommendation of the Government be adopted by the Assembly shortly after the ratification of the act, is however not in place yet. In general, it will determine the design and implementation of development co-operation, consisting of information on bi- and multilateral development co-operation, sector and geographic priorities as well as the level of available funds.

The Act on Slovenian development co-operation is further providing legal ground for the establishment of the following bodies. The first is the Working Group for International Development Co-operation and Humanitarian Assistance with the responsibility of planning, co-ordinating and overseeing of development co-operation; determining an indicative budget rate for development co-operation; harmonising of a draft Resolution and; evaluating implementation of the Resolution. The second is the Council of Experts for International Development Co-operation with the responsibility of initiating a draft Resolution, which should be referred to the Working Group; advisory service to the Minister of Foreign Affairs; and an evaluation of Resolution implementation.

In general, the MFA is the national coordinator of development co-operation. Department of International Development Co-operation and Humanitarian Assistance within the MFA, established in 2004, is responsible for the Slovenian ODA related questions and consists of a Head of Department and 5 desk officers. Respective Ministries shall implement projects from their budgetary headings, whereas the Ministry of Economy has operational responsibilities in conjunction with the MFA.

### 10.3 Evolution and distribution of budget

<b>Table 3: ODA of Slovenia 2002–2004</b>			
	2002	2003	2004
Multilateral development assistance	1.45 Million EUR	2.11 Million EUR	1.98 Million EUR
Bilateral development assistance	15.49 Million EUR	14.35 Million EUR	15.40 Million EUR
ODA	16.94 Million EUR	16.46 Million EUR	17.37 Million EUR
OA Official assistance	2.05 Million EUR	1.28 Million EUR	0.99 Million EUR
Total ODA and official assistance <sup>96</sup>	18.99 Million EUR	17.74 Million EUR	18.36 Million EUR
ODA including Slovenia's contribution (4.63 %) to the EU budget allocated for development co-operation (22004)			25.21 Million EUR
Source: MFA, International Development Co-operation of the Republic of Slovenia 2002–2004, 2005			

It is evident from table 3 that Slovenia's development assistance is based on the bilateral projects. In 2004, the ODA budget amounted to 17.4 million EUR, representing 0.10 % of the GNI.<sup>97</sup>

The aim is to keep it as the most important channel for its ODA allocations. Slovenia has allocated part of its assistance also to the following multilateral channels: EU, the UN system (UNDP, UNICEF, and UNFPA), The Global Environment Fund and the WHO.<sup>98</sup>

### 10.4 Sector and territorial priorities

Slovenia will focus its bilateral activities in areas of its comparative advantages, which are: (1) EU standards and accession to the EU: public administration improvement and reform; (2) trade, investment, financial institution capacity building; (3) environmental sustainability, especially integrated environmental planning and management, and agricultural and forestry management and the adoption of EU standards; (4) post-secondary education for citizens of recipient countries.

Slovenia's other comparative advantages are in the field of de-mining and treating of war-affected children. Devoted to the eradication of landmines in the region of South-East Europe and the world, the International Trust Fund for De-mining and Mine Victims As-

<sup>96</sup> Administrative costs were estimated at 10 % of the total amount of assistance.

<sup>97</sup> See footnote 61.

<sup>98</sup> See footnote 95.

sistance<sup>99</sup> was established in 1998 by the government of Slovenia, while the institution Together<sup>100</sup> – founded in February 2002 by the government of Slovenia, the NGO Slovene Philanthropy and the City of Ljubljana – has the mission to protect and improve the psychosocial well-being of children having been affected by armed conflicts, war, terrorist attacks etc. (See box 2).

**Box 2: Example of Slovenian development co-operation: *The Foundation »TOGETHER«***

The Foundation »TOGETHER«- Regional Centre for the Psychosocial Wellbeing of Children has been initiated as an idea to protect and improve the psychosocial well-being of children in areas which have been affected by armed conflict, war, terrorist attack, natural disaster or technical accidents, and by unfavourable social consequences they bring.

The mission of »TOGETHER« is to activate Slovenia's and international help resources in the countries of the region and on the wider scale to ensure a better future for children and contribute to peace and stability through activities intended for the well-being of children. The programmes it is executing are becoming a recognisable and a sought after form of development assistance. It was founded in February 2002 by The Government of the Republic of Slovenia, NGO Slovene Philanthropy and the City of Ljubljana.

»TOGETHER« is active in the regions of South-Eastern Europe, Iraq, and North Caucasus. It has organized numerous international conferences, consultations and international camps for volunteers. It participates at international conferences and consultations with articles and contributions. It publishes in various journals and publications in Slovenia and abroad.

For its activities and the implementation of programmes, »TOGETHER« seeks funds from various donors, which can be individual countries, governmental and NGOs, private funds as well as Slovenian and non-Slovenian enterprises.

- Psychosocial programmes for teachers aimed at strengthening their capacities to help children with special needs, traumatized children, and otherwise emotionally affected children and to improve the overall psychosocial climate in schools
- Training for medical workers, helping them to provide psychosocial assistance to children and parents in the framework of primary health care services
- Development of voluntary work as a way of community-based psychosocial help to children and adolescents in need
- Development of voluntary work of children and youth as a way of their involvement in the social processes and strengthening and developing social responsibility and prevention of psychosocial disorders
- Development and support of child mental health institutions
- Organization of conferences and seminars for exchange of experience and models of good practice between states and development of common projects
- Publishing academic literature on psychosocial themes
- Support of the local and regional partner organizations in their seeking of funds, development of their administrative capacity and psychosocial capability.

Source: MFA, International Development Co-operation of the Republic of Slovenia 2002–2004, 2005.

99 Government of the Republic of Slovenia, The International Trust Fund for De-mining and Mine Victims Assistance, July 2004. Available at: <http://www.uvi.si/eng/slovenia/publications/facts/itf/> (25.11.2006).

100 Skupaj, Together, *Predstavitev ustanove Skupaj*. Available at: <http://www.ims-info.si/together/index.php> (25.11.2006).

Since April 2006, the Centre for the European Perspective<sup>101</sup> (ex-Centre for EU accession support) is assisting countries seeking EU accession to align to rules and procedures.

Considering territorial priorities, Slovenia has provided assistance mainly to the countries which emerged out of former Yugoslavia and with which Slovenia traditionally has had close contacts. In the short term, the bilateral development assistance is therefore focused on five countries (in alphabetic order, not in order of size of ODA): Albania, Bosnia and Herzegovina, Serbia and Montenegro, FYR of Macedonia and Moldova.

## 10.5 Collaborations

Slovenia has not established the practice of collaboration with other bilateral donors, except for the program “regional partnership programme” for Iraqi children that was co-financed by Austria and implemented by the institution “Together”.

## 10.6 Future

A survey titled “Support for Development Co-operation” from July 2005 showed that only 50 % of the Slovenian population consider it “very important” to help people in poor countries to develop.<sup>102</sup> Therefore raising the public awareness (which stands first for ministries themselves) is regarded an important priority, but no definite strategy is set for doing this yet. A second priority is to improve the management of ODA related issues within the Slovenian Ministries. A third issue is to increase ODA for the establishment of a framework for bilateral assistance.

# 11 Poland

## 11.1 Overview of Poland’s development co-operation

Polish collaboration in international development co-operation is a new field of foreign policy.<sup>103</sup> Being a recipient of the international aid in 1990s, Poland had officially become a donor in 2004, by entering the European Union.

## 11.2 Legal framework

In October 2003 the Council of Ministers adopted the Strategy for Poland’s development co-operation.<sup>104</sup> The Strategy is defining the main goals, principles and mechanisms of Poland’s development activities.

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101 CEP, The Centre for the European Perspective. Available at: <http://www.cep.si/view/9/THE-CENTRE.html> (25.11.2006).

102 See footnote 95.

103 MFA of the Republic of Poland, The Ways of Providing Polish Foreign Assistance 2006. Available at: <http://www.polskapomoc.gov.pl/The,Ways,of,Providing,Polish,Foreign,Assistance,166.html> (22.11.2006).

104 Available at: <http://www.poland-embassy.si/eng/politics/Strategybez.htm> (30.10.2006).

Another important document is the Strategy for Poland's development co-operation 2006–2010.

### 11.3 Institutional framework

Bilateral assistance<sup>105</sup> is delivered through three main mechanisms:

- development assistance (projects, humanitarian and multilateral aid through international organisations), managed by the MFA
- financial aid (preferential credits, foreign debt relief etc.), managed by the Ministry of Finance
- educational aid (scholarships for students coming from LDCs), managed the Ministry of Education

According to the Strategy for Poland's Development Coordination, the role of the leading national coordinator of the development activities is played by the MFA.

Since 2002 Poland has cooperated in ODACE,<sup>106</sup> the programme coordinated by the CIDA. The Polish-Canadian development co-operation is focused mainly on Ukraine, Georgia, Moldova, Serbia, Montenegro, Afghanistan, the Palestinian National Authority and Angola. The projects in these countries encompass strengthening of the civil society, support for democratic values and processes, reduction of poverty and support for marginalised social groups, development and strengthening of market economy institutions and the promotion of gender equality.<sup>107</sup>

Multilateral assistance is provided through the mechanism of international organisations. Poland is paying contributions to multilateral assistance funds and programmes.

Multilateral aid (77 % of all ODA) has concentrated on obligatory or voluntary contributions to various international organisations: United Nations and its agencies (4.644 million EUR), the European Union (113.263 million EUR), the World Bank Group (3.708 million EUR) and other agencies (0.804 million EUR).<sup>108</sup>

Regarding the co-operation with the EU, Poland signed up the European Consensus on Development and declared to reach 0.17 % of GNI for ODA until 2010 and 0.33% of GNI until 2015.

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105 MFA of the Republic of Poland, Bilateral Assistance 2006. Available at: <http://www.polskapomoc.gov.pl/Bilateral,Assistance,180.html> (23.11.2006).

106 ODACE is a 5-year, \$15-million program working with the Czech Republic, Hungary, Poland and Slovakia to strengthen their ODA delivery agencies. After the accession to the EU ODACE has concentrated on other Eastern countries, however it is still cooperating with new member states, ex recipient countries. Available at: <http://www.acdi-cida.gc.ca/CIDAWEB/acdicida.nsf/En/JUD-327134440-PYY> (23.11.2006).

107 MFA of the Republic of Poland. Trilateral Assistance. Available at: <http://www.polskapomoc.gov.pl/Trilateral,Assistance,181.html> (23.11.2006).

108 MFA, Development Co-operation, Poland, Annual Report 2005. Available at: <http://www.msz.gov.pl/editor/files/polskapomoc/Polish%20Development%20Co-operation%20Annual%20Report%202005.pdf>.



Projects are being implemented by central administration bodies, local administration (became involved in assistance activities in 2006) and NGOs, which play an important role in the system of technical assistance in economic, social and institutional transformation activities, sharing Polish EU integration process experiences, water supplies etc.<sup>109</sup>

#### 11.4 Priorities

Priority countries are important beneficiary of Polish bilateral assistance; however they are not the only territories that receive Poland's development aid.

A priority group of beneficiary countries was adopted in 2004. According to the Strategy for Poland's development co-operation, adopted in 2003, the Polish development aid is directed to selected developing countries, where Poland maintains political, economic or/and cultural relationships; selected countries, particularly from East and South-East Europe, which realise the political transformation processes and developing and political system transformation countries, where large groups of Polish people live.

The MFA defines as priority countries:

- Afghanistan
- Georgia
- Iraq
- Moldova
- Vietnam
- The Palestinian Autonomy (added in 2005).

The activities in the selected countries mainly concentrate on assistance in economic transformation, building the capacity of central administration, European integration and supporting independent social, educational and cultural activities.<sup>110</sup>

Priorities of the Ministry of Finance:

- Uzbekistan
- China
- Serbia and Montenegro

Poland is providing assistance also to other selected countries of Eastern and South-Eastern Europe as well as Central Asia, the Russia [?], Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan.

Poland's assistance is addressed also to the Balkan states (Albania, Bosnia and Herzegovina, Montenegro, Serbia and Macedonia).<sup>111</sup> The main activities in this region are focused

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<sup>109</sup> MFA of the Republic of Poland, Projects and calls for proposals, 2006. Available at: <http://www.polskapomoc.gov.pl/Projects,and,calls,for,proposals,183.html> (23.11.2006).

<sup>110</sup> MFA of the Republic of Poland, Partner Countries, 2006. Available at: <http://www.polskapomoc.gov.pl/Partner,countries,162.html> (23.11.2006).

on European integration, support to the political transformation and the planning of economic development.

The bulk of the Poland's aid is concentrated on Serbia and Montenegro (14.125 million EUR)<sup>112</sup> and Ukraine (4.563 million EUR). The projects in Ukraine are targeted at support for building civil society institutions, supporting the public administration, development of local administration and European integration.<sup>113</sup>

According to the Article 2.3.1. of the Strategy for Poland's Development Co-operation, the primary objective of Poland's development co-operation is sustainable development and reduction of the poverty in the least developed states (LDCs). Furthermore the strategy identifies the following areas as the priority (those areas are at the same time the comparative advantages of Polish public agencies and NGOs):

- health sector
- education
- access to potable water
- protection of environment
- local structures capacity building
- support for democratic institutions
- improvement of public administration efficiency
- development of cross-border co-operation
- reconstruction of the economy

## 11.5 Statistics

In 2004, Poland increased its aid almost five-fold in comparison to 2003.<sup>114</sup> The relation between the bilateral and multilateral aid changed dramatically in 2004, the amount of the multilateral aid in comparison to bilateral increased due to the accession to the EU.

In 2005, Poland allocated 160 million EUR (0.068 % of GNI) for supporting the development of developing countries.<sup>115</sup> The bilateral aid was mainly concentrated on financing the projects in Europe (62 % of amount, devoted to bilateral co-operation) and in Asia (34 %).

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111 See footnote 108.

112 Serbia and Montenegro is not one of the priority countries of the MFA.

113 See footnote 108.

114 See footnote 108.

115 MFA of the Republic of Poland, Assistance in Figures. Available at: <http://www.polskapomoc.gov.pl/Assistance,in,Figures,184.html> (22.11.2006).

<b>Table 4: Polish ODA</b>		
year	% of GNI for ODA	Amount/EUR
2000	0.024	22,287,275 (bilateral 45%)
2001	0.024	27,743,950 (bilateral 86%)
2002	0.015	11,217,800 (bilateral 63%)
2003	0.013	23,528,500 (bilateral 63%)
2004	0.05	91,748,633 (bilateral 21%)
2005	0.068	159,953,160 (bilateral 23%)
2006	0.1*	
2007	0.11*	
2008	0.12*	
2009	0.14*	
2010	0.17*	
* - goal		
Source: MFA, Development Co-operation Annual Report 2005		

## 12 Czech Republic

### 12.1 Overview of Czech Republic development co-operation

The Czech Republic was a development assistance donor country even in the times of the former Czechoslovakia. By the Government Decision no.153, adopted on March 15, 1995, the Czech Republic reintroduced the program of the foreign aid assistance. For many years the Czech Republic was a recipient of the development aid, however its role as a donor has been increasing in the last years.

According to the report “International Development Co-operation of Czech Republic”<sup>116</sup> the key goals of Czech development co-operation include poverty reduction, economic and industrial development, gradual integration of partner countries into the world economy, agricultural development etc.

### 12.2 Political and legal framework

The principles of development co-operation of the Czech Republic are stated in the Resolution No. 302, approved by the Government on 31 March 2004. According to the resolution, development co-operation is "the assistance for the purpose of achieving long-term

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<sup>116</sup>Institute of International Relations, International Development Co-operation of the Czech Republic, 2006. Available at: <http://www.rozvojovestredisko.cz/files/idccr.pdf> (20.11.2006).

sustainable development of partner countries".<sup>117</sup> The Preamble of the Concept of the Czech Republic Foreign Policy is declaring that the "foreign development aid is the integral part of the Czech development policy".<sup>118</sup>

### 12.3 Institutional framework

According to the Competence Act (Act No. 2/1969), the MFA plays a role of the national coordinator of development co-operation activities. In co-operation with the Ministry of Interior, the MFA also coordinates the Czech Republic's humanitarian aid. The MFA is responsible for the preparation of the concepts of foreign aid programs, setting out the territorial and sector priorities and negotiation and coordination of activities with the beneficial countries and international organizations. The main supporting agency to the MFA is the Development Centre, an advisory body which is responsible for monitoring the implementation of individual foreign aid programs.<sup>119</sup>

NGOs also play an important role in the system of development activities and their contribution to the implementation of development co-operation continues to grow. In 2005, the share of NGOs amounted to 36 % of all projects implemented.

### 12.4 Objectives and priorities

According to the report "International Development Co-operation of Czech Republic"<sup>120</sup> the key goals of the Czech development co-operation include poverty reduction, economic and industrial development, gradual integration of partner countries into the world economy, agricultural development etc, whereas poverty reduction is declared as the chief goal by the Resolution of the Czech Republic Government no. 91, "The Concept of International Development Co-operation of the Czech Republic for 2002–2007 Period", dated January 23, 2002.

When planning the priorities of the development assistance, the Czech Republic has concentrated on the sectors where it has identified comparative advantages. These sectors include health care, education, energy production, etc.<sup>121</sup>

In October 2005, by the Resolution no. 1311 the Czech Republic adopted "The Criteria of Selection and Financing of Bilateral Projects of International Development Co-operation of the Czech Republic" to set uniform rules for the selection and funding of bilateral projects that are in compliance with the applicable legislation and directives of the European Community. Thus, Czech foreign aid is based on principles which provide the framework

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117 MFA Czech Republic, Basic Information on the Czech Development Co-operation. Available at: <http://www.czechembassy.org/www/mzv/default.asp?id=8382&ido=7592&idj=2&amb=1> (23.10.2006)

118 Available at: <http://www.mzv.cz/www/mzv/default.asp?id=8626&ido=7633&idj=2&amb=1> (30.10.2006).

119 MFA, Institutional Framework. Available at: <http://www.mzv.cz/www/mzv/default.asp?id=8612&ido=7633&idj=2&amb=1> (30.10.2006).

120 See footnote 116.

121 MFA, Territorial and Sectoral Priorities. Available at: <http://www.mzv.cz/www/mzv/default.asp?id=8619&ido=7633&idj=2&amb=1> (29.10.2006).

for planning, implementation and evaluation of the development activities: the need (GDP per capita), the tradition of relations - partnership with the recipient countries, efficiency of the provided aid, transparency and existence of a Czech embassy.<sup>122</sup> Regarding geographical priorities, the Resolution no. 91 set a wide range of priority countries.

In 2004, by the Resolution no. 302 the Czech Government adopted “The principles of International Development Co-operation upon Czech Republic’s Accession to the EU”. In the resolution the government decided to narrow down the territorial focus of development co-operation in order to ensure high efficiency and set as a priority the following countries: Angola, Bosnia and Herzegovina, Moldova, Mongolia, Serbia and Montenegro, Vietnam, Yemen and Zambia, together with Afghanistan and Iraq as medium-term priorities.<sup>123</sup>

Bilateral activities are concentrated on development projects (12,903,200 EUR in 2005), scholarships (3,278,690 EUR in 2005), refugee help (7,494,150 EUR) and debt relief (7,494,150 EUR); whereas the development projects mainly encompass environment projects (almost 30 % of funds or 3,869,630 EUR in 2005, in the scope of projects funds), industrial development (24 %) and agriculture (12 %).<sup>124</sup>

Iraq represents the leading recipient country. In 2005 the Czech Republic allocated 6.13 million EUR, mainly in the field of educational system restoration, healthcare, training of Iraqi police and development of democratic judiciary.<sup>125</sup>

Furthermore, Serbia and Montenegro is the second largest recipient with 5.2 million EUR. The activities are mainly concentrated on environmental problems, economic and industrial development, labour and social affairs and transport. In the following years (period 2006-2008) the priority sectors will include industrial development, environment and social development.<sup>126</sup>

Regarding trilateral co-operation, in 2005 the Czech Republic has cooperated with CIDA, the Canadian Development Agency, in four countries: Bosnia and Herzegovina, Moldova, Vietnam and Zambia.

The Czech Republic’s multilateral development co-operation has the form of contributions to international organisations. In 2005 it contributed to the UN (3,512,880 EUR), the European Community (48,165,500 EUR), the World Bank (1,951,600) and some other (1,639,340 EUR).<sup>127</sup>

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122 MFA, Targets and Principles of the Foreign Aid Program. Available at: <http://www.mzv.cz/wwwo/mzv/default.asp?id=8622&ido=7633&idj=2&amb=1> (30.10.2006).

123 See footnote 116.

124 See footnote 116.

125 See footnote 116.

126 See footnote 116.

127 See footnote 116.

<b>Table 5: Territorial and Sectoral Priorities for the 2002–2007 Period</b>		
Territory	Prioritised countries	Sectors
South East Europe	Yugoslavia (with Kosovo) Bosnia and Herzegovina Macedonia	good governance, prevention of migration, infrastructure (energy production, transport), environmental protection, Czech communities abroad, regional co-operation
Countries of the former USSR	Uzbekistan Ukraine Kazakhstan	environmental protection, transport, prevention of migration, nuclear security, Czech communities abroad
Near and Middle East	Lebanon Palestine Yemen	environmental protection (hydrology, bio-diversity), infrastructure (energy production, transport)
South, South East and East Asia	Vietnam Mongolia Afghanistan	infrastructure (energy production, transport), environmental protection (hydrology, geology), good governance, agriculture
Sub-Saharan Africa	Namibia Angola Mali Burkina Faso Ethiopia	agriculture (countryside development), education, health care (HIV/AIDS), environmental protection (hydrology, geology)
selectively	-	scholarships
Source: MFA, see footnote 121		

## 12.5 Statistics

Czech development co-operation is implemented through bilateral, trilateral and multilateral canals. In 2005, Czech Republic allocated 0.11% of its GNI for the ODA, which represents 105 million EUR.<sup>128</sup> In comparison with 2004, Czech Republic increased the amount devoted to ODA by 16 %, which was due primarily to the Czech contribution to the European Union.

Czech ODA in 2005 comprised 48 % of bilateral activities and 52 % of multilateral (including the contribution to EU).

In June 2005, by Resolution no.664, the Czech Republic decided to allocate funding for bilateral development co-operation in 2006 until 2008. The funding was distributed be-

<sup>128</sup> Czech Republic, Development Co-operation. Available at: [http://www.rozvojovestredisko.cz/files/oecd\\_glancestat\\_2005.pdf](http://www.rozvojovestredisko.cz/files/oecd_glancestat_2005.pdf) ( 23.10.2006)

tween priority countries (75 %) and non-priority countries (25 %). According to the resolution the Czech Republic is going to increase the funds mainly for the development activities in Serbia and Montenegro (from 1.438 million EUR in 2006 to 3.285 million EUR in 2008) and Bosnia and Herzegovina (from 1.026 million EUR in 2006 to 2.797 million EUR in 2008).

### **13 Main findings, preliminary conclusions and recommendations**

The data available reflects an intensified activity in the area of international development co-operation within all of the new member states. Even though in financial terms, the budget allocations are still far below the desired level of 0.17 % (the goal for 2010), we can observe intensified activity in institutionalisation of development co-operation, in setting a functioning legal framework and developing a set of criteria for selection of recipient countries as well as channels through which to execute development aid programmes.

New member states have an interesting list of main recipient countries, with pronounced priority given to neighbouring non-EU member countries or ex-Soviet countries, where they have comparative advantage in better comprehension of state of affairs due to their own historical experience. This, in combination with their own learning process, experienced during the accession period, gives them ample opportunity to provide these countries with training and consultancy in the area of democratisation, market liberalisation, adjusting legal, institutional and regulatory framework to the EU standards – in short, transition expertise. The available evidence suggests that several of the on-going development projects are of this nature.

Development co-operation with developing countries, especially with the least developed ones, is more difficult for the NMS. Here, the assistance of the European Union in designing the instruments, which would help donor countries to develop their policies, would be beneficial. The EU should provide capacity building support to enable the NMS to play an active role within the EU aid. From the programmes and strategies it is obvious that NMS are committed to increase the financial allocation as well. They, however, lack the experience in some areas of development aid implementation.

With respect to the in-country division of labour, we can observe in the cases of NMS that they have so far limited number of sectors or themes in each partner country. Further, several countries are already discussing further concentration of development co-operation due to limited resources available. On the other hand, several countries envisage an expansion of bilateral aid in the future. The first increase in the resources dedicated to development co-operation was in many instances the result of contribution to the overall EU budget and thus considered as multilateral aid. The NMS strategies seem to indicate a desire to channel some of the required and planned increase in allocation of resources towards bilateral aid. Here we notice some controversy between more selectivity and concentration on one hand and increased bilateral activity on the other.

A timely coordinated approach at the EU level could be valuable in preventing the spreading of the planned increased aid coming from NMS too thinly. On the other hand, one of the specific sector priorities, which is high priority in NMS and is based on their comparative advantages (due to their own recent historical experience), is the regulative and insti-

tutional transition process from centralised planned economy to market economy and *acquis communautaire*: here there is no doubt that NMS could provide a lead.

Within the available policy documents the use of delegated co-operation arrangements is not yet mentioned, neither in the sense of participating in an arrangement like this or offering to coordinate one. In fact, the co-operation issue is more present in some countries in relation to non-EU countries (Canada, Norway) than with other EU members. The very novelty of acting as a donor country could be one of the explanations.

Looking at the priority countries, we can observe that while some countries overlap with the priorities of the “old” member states (Palestinian Adm. Areas, Albania, Bosnia & Herzegovina, Afghanistan, Iraq), NMS channel their development aid to several other countries in their neighbourhood or with similar historic experience, yet still seriously lagging in development (Kyrgyzstan, Kazakhstan, Tajikistan, Moldova, Georgia, for example). With this in mind, the co-operation of NMS and eventual joint strategy for these countries may be one of the options within the context of division of labour.

In further discussions and design of policies on the division of labour between donors one needs to clearly observe the principles of equal participation in the policy making for all, old and new donors. The fact that current level of development co-operation is relatively low should not be taken on board as a reason not to involve NMS in the planning of future strategies at the EU level. A careful assessment of potential advantages of NMS being a donor in a particular sector/country is required on one hand, and the options of co-operation arrangements on equal footing in certain cases promoted.

Since the role of a donor country is a relatively new experience for NMS, one should not underestimate the need for awareness-raising on the development issues in these countries. The EU vision on development with key objectives, values and principles of development co-operation should be promoted through proper media to the citizens of NMS, and wider participation of development NGOs in these countries encouraged. Only wider public support to development co-operation will enable the governments to allocate increased financial and human resources to these issues.

The overview of the current state of affairs in the area of development co-operation in new member states is presented in the Annex.





## The possible role of a smaller donor: The case of Portugal

*Maria João Marques*<sup>1</sup>

### 1 Overview of main features of Portuguese development assistance

#### 1.1 Volume and trend

The Portuguese government has aligned itself with the European Union's commitment to attain a level of Official Development Assistance (ODA) equal to 0.33 % of Gross National Income (GNI) by 2006, 0.51 % by 2010 and 0.7 % by 2015. Meeting the ODA level of 0.33 % of GNI by 2006, as agreed at the Barcelona Summit in the context of the Monterrey Conference, appears unlikely at this stage. Nonetheless the new strategy for development co-operation approved in 2005 reiterates Portugal's engagement towards the ODA level commitment.

Portugal's ODA/GNI ratio has remained fairly constant – 0.25 % on average between 1999 and 2003 – dropping to 0.22 % that year following a peak of 0.27 % in 2002. In 2003, total net disbursements represented USD 320 million compared to USD 396 million in 2002. In 2004, bilateral ODA increased to USD 921 million or 0.63 % of GNI. The increase was due to the rescheduling of the Republic of Angola's debt (USD 698 million). However, when discounting the debt rescheduling operation, ODA flows in 2004 amounted to USD 333 million. This represents 0.20 % of GNI, less than the previous two years. The reality of Portuguese aid shows that the increase in 2004 has not led to any flows of new money to developing countries. The preliminary report on Portugal's ODA for 2005 gives an ODA/GNI of 0.21 % (USD 367 million).

Thus, there is a significant gap to fill between actual disbursement levels and assumed commitments.

#### 1.2 Channels and allocation

Portugal's multilateral contributions have fluctuated, ranging from 22 % of total ODA in 2000 to 15 % in 2004, with a peak of 43 % in 2003 compared to 24 % for all member states of the Development Assistance Committee (DAC). The composition of Portuguese bilateral ODA is largely characterized by debt relief<sup>2</sup> and technical co-operation<sup>3</sup>. Education absorbs a major share of technical co-operation in the form of imputed student costs and scholarships<sup>4</sup>. By contrast, projects and programme aid represented only 2 % of gross

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2 Between 2000 and 2004, action relating to the debt of the Portuguese speaking countries in Africa (PALOPs) represented 54 % of the Portuguese bilateral ODA or USD 283 million.

3 Representing approximately 32 % of total gross disbursements on average between 2000 and 2004.

4 E.g. in 2003, imputed student costs represented 32% of TC disbursements and scholarships 5 %.

bilateral disbursements between 2000 and 2004, compared to 16 % for all DAC members in 2004.

Portuguese development co-operation is mainly bilateral and concentrated on few countries. As Portugal's five priority countries are concentrated in sub-Saharan Africa, the proportion of bilateral ODA going to that region is high: 66 % in 2003 and 94 % in 2004 compared to 34 % for all DAC members in 2004. Whereas the geographic focus of Portuguese development co-operation clearly rests with the Portuguese speaking countries (Angola, Cape Verde, Guinea-Bissau, Mozambique, São Tomé and Príncipe in Africa) and East Timor in South East Asia. Other recipients of Portuguese ODA (Bosnia and Herzegovina, Brazil, Iraq, Macedonia – former Yugoslav Republic) received only minimal amounts in 2003–2004 (less than 5 %). According to the new strategy on development co-operation, Portugal intends to support other countries with which it has historical ties – Indonesia, Morocco, Senegal and South Africa – albeit with modest amounts.

### 1.3 Organization of the Portuguese aid system

In the last few years, Portuguese development co-operation has known important conceptual and institutional changes. The Portuguese Institute for Development Support (IPAD) was created in 2003 as the central planning, supervisory and coordinating body for Portuguese aid. As part of the Ministry of Foreign Affairs, IPAD coordinates Portugal's aid activity, which involves multiple actors including over 15 different ministries, 308 municipal governments as well as universities and other public institutions. In November 2005, the Council of Ministers approved the new strategy for development co-operation entitled "A strategic vision for Portuguese co-operation". In a structured way and with a political vision, the strategic vision sets out the cross-cutting principles, the sectoral and geographic priorities.

However, programming, coordinating, monitoring such a disperse structure remains a task to be mastered. Portugal should therefore seek to pursue the consolidation of its development co-operation system. To fully benefit from this shift, Portugal will need to put in place adequate mechanisms to ensure lessons learnt are translated into knowledge management and linked to programme management.

## **2 Features of Portuguese development assistance that make it well prepared for a more effective division of labour in European development co-operation**

The following features of Portuguese development assistance make it well prepared for becoming part of a better coordinated and integrated European development co-operation with more effective division of labour in the framework of the Paris Declaration:

- Regional concentration of mainly LDCs and fragile states: By factors inherent to its concentration on its former African colonies, Portugal's aid is mainly directed to a handful of very poor countries. Of the top ten recipients of Portuguese bilateral aid in 2003–2004, nine can be considered to be fragile states or conflict-affected countries

and eight were least developed countries (LDCs). LDCs received a total of USD 491 million (current USD) or 94.5 % of gross disbursements during that period, which is well above the DAC average of 33 % in 2004. However, as stated before, 67 % of gross bilateral ODA in 2004 is accounted for by debt rescheduling to Angola. The new strategy for development co-operation states, as one of the five guiding principles of the Portuguese development assistance, Portugal's engagement towards the support to human security, in particular in fragile states or in countries in a post-conflict situation. Portugal has also played an important role in avoiding the creation of aid orphans encouraging other bilateral and multilateral donors to engage, for instance, in Guinea-Bissau and East Timor.

- Sectoral concentration: With respect to the in-country division of labour, Portugal makes progress towards the commitment to focus the participation on a limited number of sectors or themes in each partner country. The new "Strategic Vision for Portuguese Co-operation" intends to focus on no more than three or four priority topics in each country in an effort to limit sectoral dispersion and avoid duplication of efforts. Priority sectors and themes encompass education, good governance, participation and democracy; sustainable development and the fight against poverty.
- Specific comparative advantages of Portugal in development co-operation: when assessing the portfolio of aid activities, Portugal's sectoral and thematic priorities are linked to applying its stated comparative advantages (e.g. language, culture and similar legal and institutional frameworks) in its priority countries. While past experience can be a basis for comparative advantage, it is neither a necessary nor a sufficient condition. Portugal could make better use of its comparative advantages based on its own recent experience in immediate post-conflict transition periods and in fragile countries. Portugal could provide helpful assistance in good governance (in key areas such as strengthen public administrations, the judiciary system, public financial management, the rule of law, electoral systems, democratisation processes and civil society capacity). These are areas in which Portugal could take on a lead role in pursuing a sector approach with other donors. The other Portuguese thematic and sectoral priorities, such as sustainable development and fight against poverty are more linked to the concern of achieving the Millennium Development Goals (MDGs) in priority countries than specifically to Portugal's stated comparative advantages.
- Portugal's own plans to align its development co-operation better with the partner countries and the emerging new international aid architecture: Portugal's 2005 strategy guidelines intend to align the country's aid more closely with the national poverty reduction strategies and the national development plans of its six priority partner countries. It still is, however, very much project based. Portugal's participation in sector and budget support is somewhat hampered by the Portuguese budget planning and programming process which is not prone to medium and long term horizons.

At a first glance Portugal's aid looks fairly well prepared for playing a specific role within European development assistance. However, Portugal faces significant challenges to mainstream its programme according to the new national and international strategy guidelines.

### **3 Critical points in assessments of Portugal's development assistance relevant under the aspect of division of labour**

According to the DAC Peer Review of Portugal much room remains for measures that would eventually save transaction costs in the long run and avoid duplication among several donors:<sup>5</sup>

- Portugal is encouraged to develop sectoral guidelines based on needs assessments. These guidelines should be flexible enough to adapt to each country situation. In addition to limiting the number of sectors, it is important that the donor's definition of sectors matches with the definition of sectors of the recipient country.
- Language teaching and training is a necessary but not a sufficient condition for strengthening human and institutional capacities. The DAC Peer Review encourages the Portuguese authorities to adopt a more strategic approach to the use of technical co-operation for capacity and institution building, based on an assessment of needs in the sectors in which they are most active and working jointly with other donors to the extent feasible. According to the DAC, the legal and administrative heritage which Portugal shares with its partner countries place the authorities in a good position to take a lead role in the search for a collective solution to acute capacity building shortages, particularly in East Timor.
- Linking Portuguese experience in immediate post-conflict transition periods with other experiences in fragile states could provide helpful lessons. A more deliberate action-oriented agenda on how to tackle issues of insecurity, violent conflict and state fragility should be elaborated.
- With respect to addressing some of the special needs of LDCs, the DAC Peer Review encourages Portugal to reinforce co-operation by helping partner countries fight corruption and strengthen public institutions.
- Portugal could consider developing its capacity to advocate within the EU on behalf of its partner countries.

There are, however, a number of internal structural weaknesses of the Portuguese aid system (internal co-ordination, scarce funding and human resources, policy and implementation shortcomings) that may impede Portugal from realizing its full potential within a more coherent and coordinated European development assistance.

### **4 Conclusion: Steps to be taken in order to make Portugal's aid fit for a division of labour within European development assistance**

Having inherited its country focus from a previous historical period, Portugal has made some headway mainstreaming its development co-operation strategy and agenda thus aligning it with its partner countries' needs and with the emerging new international aid architecture.

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<sup>5</sup> OECD, DAC Peer Review Portugal, Paris 2006, p. 49.

Notwithstanding, a number of additional reforms shall be considered for the future. Portugal should commit to increasingly better aligning Portuguese resources with national development plans and needs, and make better use of its comparative advantage based on its own experience in recent economic and political reform processes.

Permanently renewed long term familiarity with a limited set of aid beneficiaries should be put to the service of a sufficiently funded, technically efficient and internationally co-ordinated development co-operation.

A long-term perspective and a multi-stage approach are needed to increase aid predictability and build sustainable capacity in partner countries as well as adapting aid delivery modalities to the aid effectiveness agenda, working jointly with other donors whenever possible. Delegated co-operation outside focal sectors may also be an option to consider since it can be a good way to save transaction costs. Portugal could also advance towards a substantial in-country division of labour through the use of lead donor arrangements for sector policy dialogue (e.g. sectoral coordination of projects and other aid instruments, sectoral basket financing or as sectoral group of general budget support).

Where feasible, the Portuguese authorities should participate in joint country assistance strategies together with other donors and take on a leadership role in key areas in its priority countries provided they have the appropriate resources to support the endogenous processes and encourage the emergence of country-led capacity strategies (e.g. a more active role to implement the aid effectiveness agenda in these countries).

Efforts towards decentralising the Portuguese development co-operation structures and processes should be pursued. Upgrading country level aid representations in terms of human resources and further delegating authority may contribute to the reduction of transaction costs of the system and better prepare the Portuguese aid for a division of labour between donors.



## **Annex**





	ODA Statistics		Country priorities	Sector priorities	Comparative advantages	Coordination of ODA	Implementation
	2004	2005					
<b>Slovak Republic</b>	2004	2005	Serbia and Montenegro, Kenya, Sudan, Kyrgyzstan, Kazakhstan, Ukraine and Belarus	Democratic institutions, infrastructure, agriculture	Institutional framework, know-how, experience and capacities	MFA	Ministries (FA, Environment, Education, Agriculture), NGOs
	0.072 % 25.935 million EUR	0.12 % 49.533 million EUR					
<b>Poland</b>	2004	2005	Afghanistan, Georgia, Iraq, Moldova, Viet Nam, the Palestinian Autonomy	Sustainable development, poverty, health, education	health sector, education, access to potable water, environment, capacity building, democratic institutions, public administration efficiency, cross-border co-operation, reconstruction of the economy sector	MFA	MFA, MF, M of Education
	0.05 % 91.748.633 EUR	0.068 % 159.953.160 EUR					
<b>Hungary</b>	2004	2005	Serbia and Montenegro, BiH, Viet Nam, Palestinian National Authority, Macedonia	Knowledge transfer, education, technical training, agriculture		MFA	implementing agency, NGOs
	0.07 % 54 million EUR	0.09 % 74 million EUR					
<b>Czech Republic</b>	2004	2005	Angola, Bosnia and Herzegovina, Moldova, Mongolia, Serbia and Montenegro, Viet Nam, Yemen and Zambia	health care, education, energy production	health care, education, energy production	MFA	Ministry of Interior, Development Centre
	0.106 % 81.591 million EUR	0.114 % 101.927 million EUR					
<b>Estonia</b>	2004	2005	Georgia, Moldova, Ukraine, Afghanistan	(1) Good governance and democratisation; (2) Education; (3) Economic development and trade liberalisation; (4) Environment; (5) Information and communications technologies.	Development of the ICT-sector and e-governance	Development Co-operation Division within the MFA	Ministries, NGOs, private companies
	0.08 % 6 million EUR	0.08 % 8 million EUR					

<b>Latvia</b>	2004	0.06 % 6.7 million EUR	Georgia, Moldova, Ukraine	(1) Political and economic reform process; (2) European and Transatlantic integration process; (3) Development of democratic and civil society; (4) Education, culture, social development, health, environmental protection	Good governance; Institutional transformation and capacity building; Harmonisation with the acquis. * Forensic psychiatry and medicine	Development Co-operation Policy Department within the MFA	Ministries, NGOs, private companies
	2005	0.07 % 9 million EUR					
<b>Lithuania</b>	2004	0.042 % 7.66 million EUR	Kaliningrad Region, Ukraine, Belarus, Moldova, Afghanistan and Iraq Future: South Caucasus and the Balkans	(1) Good governance; (2) Economic reform process and transport; (3) Euro-integration process; (4) Security; (5) Environment; (5) Health and social security; (6) Culture and education	Transition management	Development Assistance Division of the Department of Multilateral Relations within the MFA, the Ministry of Finance	-
	2005	-					
<b>Cyprus</b>	2004	0.04 % 4.2 million EUR	(1) Egypt, Mali, Lesotho, Yemen and Palestine	Infrastructure development; Social and services sectors; Environment	Infrastructure development; Social and services sectors; Environment	Coordination Body (CB)	Planning Bureau No co-operation with NGOs yet
	2005	No data (The Strategy: 5-6 million EUR)					
<b>Malta</b>	2004	0.18 % 7 million EUR	(1) Sudan, Eritrea, Ethiopia and Somalia (2) Palestine (3) Sri Lanka	(1) Poverty reduction; (2) Health; (3) Education and recreational formation; (4) ICTs; (5) Good governance; (6) Children	(1) ICTs in e-governance; (2) Education; (3) Health; (4) Desalination; (5) Maritime Law; (6) Research on ageing; and (7) Capacity-building initiatives	Development Policy Unit within the MFA	Other governmental and non-governmental institutions, private companies
	2005	0.18 %					

<b>Slovenia</b>	2004	0.10 % 17.4 million EUR	Albania, BiH, Serbia, Montenegro, FYR of Macedonia and Moldova	(1) Euro-integration process: administrative reform; (2) Trade, investment, financial institution capacity building; (3) Integrated environmental planning and management, agricultural and forestry management; (4) Post- secondary education; (5) de- mining and treating of war- affected children.	(1) Euro-integration process: admin- istrative reform; (2) Trade, invest- ment, financial institution capacity building; (3) Integrated environ- mental planning and management, agricultural and forestry manage- ment; (4) Post-secondary education; (5) de-mining and treating of war- affected children.	Department of Internatio- nal Development Co- operation and Humanitar- ian Assistance within the MFA	Other governmental in- stitutions, NGOs and pri- vate companies
	2005						