

# **The Challenge of the EU Development Co-operation Policy for New Member States**

**A Report by  
PASOS (Policy Association for an Open Society)**



**for  
European Parliament Committee on Development**

**4 October 2007**

PASOS (Policy Association for an Open Society)  
Těšnov 3, 110 00 Praha 1, Czech Republic

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Compiled by Jeff Lovitt and Eva Rybková, PASOS

With country research by:

Darina Ch. Kadunkova, European Institute, Bulgaria  
Vladimír Bartovic, EUROPEUM Institute for European Policy, Czech Republic  
PRAXIS Center for Policy Studies, Estonia  
Áron Horváth, Center for Policy Studies at the Central European University, Hungary  
Dace Akule, Centre for Public Policy PROVIDUS, Latvia  
Vitalis Nakrosis, Institute of International Relations and Political Science, Vilnius University, Lithuania  
Piotr Kaźmierkiewicz, Institute of Public Affairs, Poland  
Violeta Alexandru, Institute for Public Policy, Romania  
Grigorij Mesežnikov, Institute for Public Affairs, Slovakia  
SLOGA Slovenian NGDO platform, Slovenia



Policy Association for an Open Society

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**A network of policy centres in Central and Eastern Europe and Central Asia**

PASOS (Policy Association for an Open Society) is a network of independent policy centres in Central and Eastern Europe and Central Asia

Těšnov 3, 110 00 Praha 1, Czech Republic  
Tel: +420 2223 14832/33, 2223 14676/77/78  
Tel/Fax: +420 2223 13644  
Email: [info@pasos.org](mailto:info@pasos.org)  
[www.pasos.org](http://www.pasos.org)

Registered address:  
Sdružení pro podporu otevřené společnosti – PASOS  
Prokopova 197/9, 130 00 Praha 3, Czech Republic

Sdružení pro podporu otevřené společnosti – PASOS is a not-for-profit association registered in the Czech Republic at the Ministry of Interior, VS/1-1/58 438/04-R  
IČ: 26 67 54 04

Chair: Vita Terauda  
Executive Director: Jeff Lovitt

## Executive Summary

The 10 new member states (NMS) - Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia - have upon accession to the European Union (EU) made a commitment to contribute to the EU Development Co-operation Policy (EDCP), and in particular to meet specific targets of official development assistance (ODA) as a percentage of gross national income (GNI). They have also pledged to work towards the fulfilment of the United Nations Millennium Development Goals, a set of targets drawn up in 2000, including a halving of the number of people living in extreme poverty and hunger, the achievement of universal primary education, and a two-thirds reduction in child mortality levels.

A number of the NMS, notably the Visegrad countries, but also the Baltic states, have a strong focus on promoting democracy, the rule of law and human rights (in the case of the Czech Republic, by no means only in neighbouring countries), and a continuing geographical priority for the NMS is the eastern European Neighbourhood Policy (ENP) countries, as well as Belarus, the western Balkans (and, in the case of Latvia and Slovakia, Central Asia). Iraq and Afghanistan are also recipients of significant levels of development aid commitments.

The emphasis on the transfer of transition experience to other post-communist countries, especially on the EU's eastern and south-eastern borders, is expected to continue, especially in bilateral development co-operation, not least because of the comparative advantage of the NMS through the experience of transition to democracy and a market economy. Georgia, Ukraine and Moldova feature among the priority countries of many NMS. Both Hungary and Slovakia have initiatives - the Szeged Process and the Bratislava-Belgrade Fund respectively - focused on the western Balkans.

The NMS tend towards development co-operation with countries with which they have either geographical or historical ties, combined with deploying comparative advantages, such as transition know-how, or limiting co-operation to a narrow range of sectors. For instance, Bulgaria will commit itself to no more than two sectors per country, while Estonia is engaged extensively in information and communications technology (ICT), for instance in its development co-operation activities with Georgia.

To date, the bilateral development co-operation activities of the NMS towards the ACP (African, Caribbean and Pacific) countries are very limited. In a number of cases, multilateral contributions to the European Development Fund (EDF) and international organisations are envisaged as the only channels for development co-operation with ACP countries.

Public awareness campaigns, often in conjunction with the United Nations Development Programme (UNDP), and revised strategies, with an increased focus on poverty reduction, have been introduced in several NMS to include a number of sub-Saharan African states in their priority countries for development co-operation. Bulgaria plans to orientate 50% of increased development aid to sub-Saharan Africa, and Estonia has pledged to establish bilateral co-operation with one least developed country in sub-Saharan Africa.

In its Mid-Term Strategy of ODA 2003-2008, Slovakia set its most important goal as the "transfer of Slovakia's experience and know-how", yet in *Slovakia's Foreign Policy Orientation for 2007*, the UN Millennium Development Goals are described as "ultimate goals" of Slovak ODA. In addition, agencies dedicated to development co-operation (or departments within the Ministry of Foreign Affairs) have either been established or are in the process of being established in most NMS.

A number of the NMS are not on course to meet the targets of spending 0.17% of GNI on ODA by 2010, let alone the target of spending 0.33% of GNI on ODA by 2015. In some cases, this is due to all-round cuts in budget spending.

Bulgaria aspires to meet the targets, but is starting from a very low base (of 0.003% in 2005, albeit with a leap to 0.06% in 2006). The Czech Republic devoted 0.11% of national income to ODA in 2006, but needs to accelerate the rate of increase if it is to meet the target of 0.17% by 2010. Estonia's ODA reached 0.09% of GNI in 2006, but plans to increase it to only 0.1% by 2010.

Hungary's ODA reached 0.13% of GNI in 2006, and with contributions to the EDF, Hungary is planning to reach the level of 0.17% by 2010. Latvia's ODA was slightly under 0.06% of GNP in 2006 and, like Estonia, Latvia plans to raise that to 0.1% by 2010, but wide-ranging public expenditure cuts look set to jeopardise the planned rise to 0.08% in 2008. With ODA close to 0.07% of GNP in 2006, Lithuania is facing a similar need for substantial political will and public support to reach the target of 0.17%.

In Poland, ODA rose from 0.068% of GDP in 2005 to 0.1% in 2006, and the government stands by its commitment to continue the upward trend in development co-operation to meet the targets set for 2010 and 2015. Romania is committed to moving towards the targets from a very low base. While the Slovak government remains committed to meeting the 2010 target of 0.17%, ODA as a share of GDP actually fell between 2005 and 2006, in part due to rising GDP. The latest available figures for Slovenia, from 2005, indicate ODA at 0.11% of GDP, and the government plans to meet the target of 0.17% in 2010.

While the NMS are right to identify comparative advantages, and not to duplicate the efforts of other more established donors, their fast-growing economies should be able to shoulder a greater share of the EU's responsibilities towards supporting development in less developed countries.

A set of recommendations in conclusion to this report point to the need for:

- A concerted public awareness campaign to gather political and public support for increased ODA and an understanding of the UN Millennium Development Goals and development targets
- Combining the existing comparative advantages in the eastern dimension with the application of select expertise in less developed countries
- Co-operation among the NMS to strengthen the flexibility of the EU towards eastern ENP neighbours
- Improving civil society and expert capacity in NMS to transfer know-how to ENP and less developed countries
- Strengthening co-ordination agencies in NMS and between NMS and other EU member states
- Setting of a target date to untie aid
- Making good governance a priority contribution of NMS to EDCP

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## Introduction

The majority of the new member states (<sup>1</sup>) have signed up to the commitment to the UN Millennium Development Goals (MDGs) by 2015, as outlined when the goals were set in 2000, reiterated at the UN summit on Financing Development in Monterrey in 2002, and reinforced by the EU Development Policy Statement of 2005.

The UN Millennium Development Goals set targets of reducing by half the proportion of people living on less than a dollar a day, and the proportion of people suffering from hunger, to achieve universal primary education, to eliminate gender disparity at all levels of education by 2015, to reduce child mortality rates by two-thirds, to reduce the maternal mortality rate by three-quarters, to halt and begin to reverse the incidence of HIV/AIDS, malaria and other major diseases, to reduce by half the proportion of people without sustainable access to drinking water, improve the lives of at least 100 million slum-dwellers by 2020, and to take a series of steps, including promoting good governance, to forge a global partnership for development.

By signing the Accession Treaty to the EU, the NMS have made a commitment to participate fully in the EU development co-operation policy by reaching specific levels of gross domestic product (GDP) earmarked for Official Development Assistance (ODA) as a country contribution to the global partnership for development and the achievement of MDGs (for ODA to reach 0.17% of GDP in 2010 and 0.33% of GDP in 2015).

Despite the economic growth experienced by the NMS in the past decade, many of them are not on course to meet those targets, and on the whole their priority countries are limited to either those in the EU's eastern neighbourhood or those with whom they have historic cultural or economic ties.

OECD recommendations on untying aid are under consideration by the NMS, and national strategies (e.g. Poland) include references to the Paris Declaration on Aid Effectiveness, adopted at the High Level Forum on Joint Progress toward Enhanced Aid Effectiveness (Harmonisation, Alignment, and Results) in Paris on 2 March 2005.

The challenges facing the NMS include the need to build up cross-party political and public support for a broad-based support for development co-operation, including support to the less-developed countries of Africa, Caribbean and Pacific (ACP), and the need to focus their own bi- or trilateral aid most effectively, building on their own expertise and experiences.

This report sets out to provide an overview of the core (country and sectoral) priorities and strategies of the 10 NMS, the levels of ODA they have funded in recent years, and the planned commitments they have made in the years to come. The report seeks to draw conclusions as to both how their commitment to development co-operation can be strengthened, and also to identify where as a group of countries emerging from the transition to democracy they can both work together and even add their unique experience of the past 18 years to strengthen EU-wide policies towards development co-operation in transition countries.

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<sup>(1)</sup> The 10 new member states covered by this report are: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia

## Analysis of National Development Co-operation Strategies of New Member States

### Bulgaria

Bulgaria's participation in international development co-operation is guided<sup>(2)</sup> by the following principles: Partnership; Ownership; Coherence, Complementarity and Co-ordination; Effectiveness; Concentration; Conditionality; Transparency; Non-discrimination. Bulgarian development co-operation policy sets out to **focus on sectors where the country has a comparative advantage in granting assistance, expertise and capacity**. Taking into consideration the needs of the partner countries, Bulgaria focuses its development co-operation activities on the following sectors:

- education and training of specialists (in the higher education sphere, in particular);
- infrastructure construction and maintenance (energy and water supply networks, construction);
- carrying out reforms in the economic, financial, administrative, social and healthcare spheres;
- cultural diversity and tolerance;
- environmental protection and sustainable development promotion
- security and post-conflict reconstruction.

In line with the concentration principle, Bulgaria will commit itself in no more than two sectors per partner country.

### Czech Republic

In January 2002 the *Concept of the Czech Republic Foreign Aid Programme for 2002-2007* was approved<sup>(3)</sup>. This document was later supplemented by the government decision in 2004, which adopted the *Principles of the Czech Republic's Development Aid after the EU Accession*. The *Principles* define the general goals of Czech development co-operation: **poverty reduction, economic and industrial development, gradual integration of partner countries into the global economy and rural development, good governance, reinforcement of human rights, proper administration of public matters, introduction of legal principles, migration control, sustainable development (with emphasis on the environmental factor), and post-conflict reconstruction**. These two strategy documents are complemented by *Outlooks of Medium-Term Financing* (current document for the period of 2007-2008) and the annual *Plan of Bilateral Development Co-operation*.

Czech development aid is provided in bilateral, trilateral and multilateral forms. Bilateral aid includes: aid distributed through projects, humanitarian aid, transformation aid, scholarships, debt relief, and refugee assistance in the Czech Republic. The institution co-ordinating Czech development aid is the Department of Development Co-operation and Humanitarian Aid in the Ministry of Foreign Affairs (MFA). Nine other ministries administer their own portfolios of projects. NGOs implement 36% of bilateral aid projects and the Czech MFA aims to raise further this share. The largest part of the funds is implemented by private companies (53% of allocated funds), although their share in the number of projects is only 35%.

### Estonia

Since 1998, Estonia has supported projects in more than 20 developing countries and countries in transition in diverse areas such as information and communications technology (ICT), environmental protection, banking, civil society support, cross-border cultural co-operation, and training on European integration and WTO membership<sup>(4)</sup>.

A moral-based and value-driven argument for Estonia's role as a donor is linked to its own post-Soviet history as a beneficiary of financial and technical assistance from western donors that helped the country to set out on a solid path towards democracy and successful economic reforms. In recent years, Estonia has dropped its *ad hoc* approach to development co-operation and has aligned its development agenda with the Millennium Development Goals, reinforced by the EU Development Policy Statement of 2005. Reflecting a pragmatic approach, Estonia weighs its own limited capabilities against the challenges it attempts to tackle.

Estonia's development co-operation policy is based on the Development Co-operation Principles adopted by Riigikogu (Parliament) in 1999 and revised in 2003<sup>(5)</sup>. The framework document states that Estonia's development co-operation focus remains directed at regions and countries facing the need for similar reforms and transition as undertaken by Estonia, and sets three criteria for the choice of its partner countries: **needs of the beneficiary, co-operation effectiveness, and Estonia's own capacity**.

A more detailed framework, adopted in May 2006, is set out in the *Strategy Paper of Estonia's Development Co-operation and Humanitarian Assistance 2006-2010*<sup>(6)</sup>, which lays out strategic objectives and thematic priorities, and identifies priority countries. It states the strategic objectives of Estonia's development co-operation as to: (a) support human development and reduction of absolute poverty by increasing educational opportunities and improving the situation of women and children in developing countries; (b) support peace and stability by engagement of civil missions and UN peace operations, strengthen democracy and human rights and practices of good governance, support of civil society, with a particular attention to indigenous peoples; (c) support economic development and liberalisation of world trade system; (d) support sustainable development by increasing capacity of environmental protection in developing countries.

### Hungary

The Concept and Strategy of Hungary's International Development Co-operation (IDC), published by the Department for International Development Co-operation and Economic and Scientific Relations (DIDCESR) of the Ministry of Foreign Affairs (MFA), was drafted in

<sup>(2)</sup> As outlined in the concept paper, *Bulgaria's Policy on Participation in International Development Co-operation*, developed by the Ministry of Foreign Affairs in 2007

<sup>(3)</sup> The Concept of the Czech Republic Foreign Aid Programme for 2002-2007 planned to create a Development Agency after the Czech EU accession. This agency was supposed to be a central co-ordination and implementation body of development aid in the Czech Republic. In 2006, the MFA proposed a new law on the co-ordination of development aid, which would also create the implementation agency, but the draft is still in the legislative process.

<sup>(4)</sup> For a detailed description of the projects, please see [http://www.mfa.ee/est/kat\\_425/5084.html](http://www.mfa.ee/est/kat_425/5084.html)

<sup>(5)</sup> <https://www.riigiteataja.ee/ert/act.jsp?id=244042>

<sup>(6)</sup> [http://web-static.vm.ee/static/failid/219/AH\\_strateegia\\_2006-2010.pdf](http://web-static.vm.ee/static/failid/219/AH_strateegia_2006-2010.pdf)

2001 and 2003 respectively (before Hungary's accession to the EU), and has not been updated to reflect the listing and prioritisation of cross-cutting issues included in the latest DPS.

The IDC Strategy will, according to the DIDCESR, be renewed to reflect the values and requirements put forward by the 'European Consensus', e.g. fundamental freedoms, gender equality, peace and human rights. The precepts of the DPS are being incorporated into the practice of Hungarian IDC policy only gradually, but the five-year review is expected to result in further concentration of priority countries and areas of action, the reduction of the number of projects (affecting badly the majority of local NGOs more attuned to micro-projects), the drafting of two new country strategies after the first one completed in 2006, and the elaboration of an IDC law in 2008-2009. The IDC appropriation has been substantially affected by the recent budget rationalisation of the government, depleting its potential total from approximately € 4m in 2003-04 to € 1m in 2007 (representing between 1-5% of ODA).

The implementation of IDC activities is distributed among various constituencies. Line ministries fund both bilateral and multilateral activities in co-operation with the DIDCESR or separately. DIDCESR represents between 1-5% of all ODA spending depending on the fiscal year. The IDC implementing agency, HUN-IDA Kht., is entrusted with project implementation besides its duties in administering and monitoring the grants tendered out by the department. In 2006, the MFA's foreign delegations will also be attached to the implementation corps: 5 delegations (in Belgrade, Chisinau, Hanoi, Nairobi and Pretoria) will be able to apply for funds from the 'Foreign Delegation's micro-projects' pool, which is set up as a pilot initiative and contains HUF 21 million (maximum 10% of the IDC appropriation).

The DIDCESR has established relations with NGOs, but this relationship is not frictionless, since the NGOs feel neglected, claiming that they are left out of strategy-making, tender procedures do not facilitate their participation, and communication of IDC data is intermittent.

### **Latvia**

The fundamental principles of the development co-operation policy (DCP) of Latvia (2003) are in line with the MDGs, but the priorities in the DCP plans for 2005, 2006 and 2007 include mostly activities connected with democracy, integration into the EU, and public administration reforms, with poverty reduction being omitted from the priority areas. In effect, the DCP plans mainly cover bilateral official development aid, whereas Latvia's contribution to poverty reduction is managed via its payments to international organisations (United Nations, World Bank, International Monetary Fund, International Organization for Migration).

Latvia sees itself as a democracy-exporting country, working in the interests of regional stabilisation. Poverty reduction is supported through contributions to international organisations, while democratisation and good governance are directly supported via bilateral/trilateral assistance.

### **Lithuania**

Lithuania's policy for development co-operation in the period of 2006-2010 was defined by the Government in its resolution of 8 June 2006. The main aims are: **to participate in the implementation of the MDGs, to contribute to the promotion of democracy, security and stability in neighbouring countries, and to foster more active political, cultural, economic and social relations with neighbouring countries.**

The Lithuanian Ministry of Foreign Affairs is responsible for development co-operation. A new department of Development Co-operation and Democracy Promotion was established in this Ministry. It consists of three divisions (policy and planning; democracy promotion; implementation of programmes and projects). Lithuania has no special agency involved in the administration of co-operation programmes and projects.

About 50% of all bilateral co-operation projects are generated and implemented by the non-governmental sector. The public administration institutions are also active in implementing development co-operation projects (in particular in such areas as customs, corruption and veterinary services), but the share of such projects is not increasing as fast as the overall assistance.

It was recognised that there is a need to improve the legal basis for development co-operation. For instance, the public administration institutions are not sufficiently motivated to generate projects because the salaries of their civil servants are not eligible. In addition, development co-operation assistance is implemented on a yearly basis, unlike the multi-annual EU twinning assistance. This constrains the design and implementation of longer projects. Therefore, the majority of projects are of a short-term nature, with the exception of a few longer-term projects (e.g. assistance to Moldova in the sector of customs).

### **Poland**

Poland has incorporated the objectives and framework of the European Development Co-operation policy into the draft document, *Solidarity, Development and Freedom: Strategy of Polish Foreign Assistance for 2007-2015*, which was developed by the Ministry of Foreign Affairs. The policy is currently subject to inter-ministerial consultations and, once passed, will replace the existing *Strategy of Polish Co-operation for Development*, which outlined the direction and structure of Polish aid targeting poverty reduction, humanitarian aid and technical assistance (approved on 21 October 2003).

The revised Strategy for 2007-2015 declares the main objective of the Polish development assistance to be **poverty reduction and attainment of other MDGs** in beneficiary countries. The areas where Poland intends to assist partner countries from eastern and south-eastern Europe include: **public administration reform, economic transformation, alignment of legislation and institutions to meet EU membership criteria, support for democratic institutions and good governance, education, health care, environmental protection, and access to drinkable water.**

The document also places emphasis on long-term co-operation. Aid will be granted as part of multi-year democratisation strategies, on the basis of assessment of areas where Polish assistance will provide comparative advantage, and partnership agreements for general transfer of experience in various areas. The Strategy explicitly names several principles of assistance: transparency of procedures, local ownership, institutional capacity-building, co-operation with civil-society representatives, and flexibility to react to "rapid deterioration of living conditions or serious breach of human rights".

The new Strategy proposes changes in the management of assistance to enable the Department of Development Assistance to cope with the larger commitments. Aid is likely to be managed through multi-year programmes, and the Department would develop into a more independent agency with its own budget (rather than rely on the general state reserves). The Strategy calls for introducing “a system of planning the assistance through mid-term programming, based on the guidelines of the Polish assistance strategy for individual partner countries and agreements between the Polish government and authorities of those countries”. According to the Strategy, the Department will play a key role throughout the management process, which would be made up of six stages, following the OECD and EU standards: programming, identification, preliminary assessment, financing, implementation and evaluation.

### **Romania**

The Romanian perspective over the complex approach of development co-operation policy states that assistance shall be defined as a result of policies responding to the need to correlate intervention in different domains of activity, such as economy, commerce, social care, good governance, and social security. In line with the government's decision in July 2007, a Council for Co-operation and Development will be established as an advisory body assisting the Ministry of Foreign Affairs.

### **Slovakia**

In 2003, the Slovak government adopted the first *Mid-Term Strategy of Official Development Assistance (ODA) for 2003-2008*, a strategic document that defines three key areas of Slovakia's ODA:

- developing democratic institutions and a market environment (including development of market economy, changing ownership structures, creating a business sector, and reforms in the public sector – managing public finance, reform of public administration and public sector);
- infrastructure (social infrastructure, health care, education, transport, de-mining works, construction of sewerage systems, water purification and treatment plants, waste management, engineering services in the area of drinking water supply, energy);
- landscaping, protection of the environment, agriculture, food safety, and use of raw materials (including forestation, irrigation systems construction, agricultural activities and geological research).

The document sets five basic goals of Slovakia's ODA. The most important is "transfer of Slovakia's experience and know-how". Based on this principal strategic document, the cabinet annually elaborates the National Programme of Development Assistance that outlines specific activities in each particular year.

In the document, *Slovakia's Foreign Policy Orientation for 2007*, issued by the Ministry of Foreign Affairs, the MDGs are called “ultimate goals” for Slovak ODA.

In August 2007, the Slovak government approved the draft *Law on Official Development Assistance* (to be submitted for approval to the parliament in the autumn of 2007). The law refers to the following goals of Slovak ODA implemented in developing countries: **poverty and hunger reduction, support for sustainable economic, social and environmental development, keeping peace and security in the world through strengthening democracy, rule of law, human rights and good governance, support for universal access to education, improvement of basic health care services, support for economic co-operation.**

On 1 January 2007, the Slovak Agency for International Development Co-operation launched its operations; the agency was established as a budgetary organisation of the Ministry of Foreign Affairs. The agency will administer projects in all recipient countries.

### **Slovenia**

In Slovenia, the legislative framework on development co-operation was established only in 2006 with the adoption of the Act on Slovenian Development Co-operation<sup>(7)</sup>. This Act sets out the objectives, and regulates the planning, financing and implementation of Slovenian development co-operation in the long term.

The Act confirms the Ministry of Foreign Affairs (MFA) as the national co-ordinator of development co-operation<sup>(8)</sup>. The Department of International Development Co-operation and Humanitarian Assistance within the MFA, established in 2004, is responsible for Slovenian ODA-related questions. The respective Ministries should implement projects from their budgetary headings, whereas the Ministry of Economy has operational responsibilities in conjunction with the MFA.

The Act also provides the legal ground for the establishment of two bodies. The first is the Working Group for International Development Co-operation and Humanitarian Assistance with the responsibility of planning, co-ordinating and overseeing development co-operation; determining an indicative budget rate for development co-operation; harmonising draft Resolutions; and evaluating implementation of the Resolutions. 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; providing an advisory service to the Minister of Foreign Affairs; and evaluation of Resolution implementation.

Slovenia, however, to date has finalised neither a strategy nor resolution on development co-operation policy. The final version of the Strategy of Slovenian Development Co-operation and the Resolution of Slovenian Development Co-operation were published only in May 2007, and are expected to be approved by the Parliament in autumn 2007. The document sets out geographic and sectoral priorities, the level of bilateral development co-operation in relation to multilateral aid, and the medium-term allocation of financial resources.

Slovenia has set the following thematic priorities: **de-mining and treating of war-affected children; civil society and individual empowerment; refugee aid; institution-building; post-secondary education; construction (also reconstruction) of transport, telecommunications and energy infrastructures, development of information and communications technology sector; small and medium-sized enterprise development and internationalisation; integrated environmental planning and management; good governance and rule of law promotion.**

<sup>(7)</sup> 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> (30.8.2007).

<sup>(8)</sup> MFA, International Development Co-operation of Slovenia. Available at: <http://www.mzz.gov.si/index.php?id=65&L=2> (30.8.2007).

**Table 1 : Stage of Implementation of Development Co-operation Policy in NMS**

	2002-2003	2004	2005	2006	2007
Bulgaria	Launch of Bulgarian Millennium Development Goals (MDGs) in 2003		Adoption of Bulgarian Youth Millennium Goals Report	First attempt of establishment of Bulgarian NGOs Platform for international development co-operation	On 19 July 2007 the Council of Ministers of Bulgaria adopted Decision 504 by virtue of which a Concept Paper on Bulgaria's policy on participation in international co-operation development was ratified. A Council for International Development, chaired by the Deputy Prime Minister and Minister of Foreign Affairs, was created by the Council of Ministers' Decree on 23 July 2007.
Czech Republic	<i>Concept of the Czech Republic Foreign Aid Programme</i> for the 2002 – 2007 Period was approved.	<i>Principles of the Czech Republic's Development Aid after the EU Accession</i> adopted by Government Decision			Publication of <i>Outlook of Medium-Term Financing</i> (current document for the period of 2007-2008) and annual <i>Plan of Bilateral Development Co-operation</i> .
Estonia	<i>Development Co-operation Principles</i> adopted by Parliament in 1999 and revised in 2003			<i>Strategy Paper of Development Co-operation and Humanitarian Assistance 2006-2010</i>	
Hungary	IDC Strategy drafted in 2003				IDC strategy due to be renewed
Latvia	Basic principles for DCP adopted in 2003	Establishment of Department for Development Co-operation at Latvian Foreign Ministry	Annual plans for DCP activities and plans for bilateral co-operation – continued every year since	Agreement on development co-operation signed with Moldova	Act on Development Co-operation and Regulation expected
Lithuania	INTERREG Community initiative, PHARE Cross-border co-operation programme and other donor activities			Government resolution on Lithuania's policy for development co-operation for the period of 2006-2010	
Poland	Strategy of Polish Co-operation for Development approved in 2003		Establishment of Department of Development Assistance at Ministry of Foreign Affairs		<i>Solidarity, Development and Freedom: Strategy of Polish Foreign Assistance for 2007-2015</i> developed by the Ministry of Foreign Affairs.
Romania				National Strategy for Development Co-operation Policy, including regional and sectoral priorities, adopted and approved through Governmental Decision.	According to the decision in July 2007 of the Romanian Government, the Council for Co-operation and Development will be set up as an advisory council assisting the Ministry for Foreign Affairs for defining and implementing the national development co-operation policy. Consultations are now underway with a view to its establishment. Currently, responsibilities assigned under the DCP are performed by the Foreign Affairs and Development Assistance General Direction within the Ministry of Foreign Affairs.
Slovakia	Mid-Term Strategy of Official Development Assistance for 2003-2008 adopted by Slovak Government				On 1 January 2007, the Slovak Agency for International Development Co-operation launched operations. In August 2007, the Slovak government approved the draft Law on Official Development Assistance (it should be submitted for approval to the parliament in autumn 2007)
Slovenia		Department of International Development Co-operation and Humanitarian Assistance established within Ministry of Foreign Affairs, responsible for ODA			

## Financial Instruments and Financial Contribution of NMS to Development Co-operation Policy

### Bulgaria

Bulgaria's official ODA as a share of Gross National Income (GNI) (<sup>9</sup>) in 2005 amounted to 0.003% of GNI, or BGN 1.3m (€ 0.67m) (<sup>10</sup>), of which BGN 1m (€0.52m) comprised multilateral development co-operation BGN 0.29m (€ 0.15m) comprised bilateral co-operation. In 2006, the figures increased to 0.06% of GNI, or BGN 28.6m (€14.6m), of which BGN 1.05m (€ 0.54m) was committed to multilateral development co-operation and BGN 27.5m (€ 14.1m) to bilateral co-operation. Bulgaria is seeking to achieve the target ODA of 0.17% of GNI by 2010, and of 0.33% of GNI by 2015. (<sup>11</sup>)

Bulgaria will use the following mechanisms:

- **Multilateral mechanisms based on a membership/donation principle:** Bulgaria's participation in international organisations directly or indirectly involved in development issues, global funds and international initiatives for implementation of the Millennium Development Goals;
- **Participation of Bulgaria in the provision of Aid for Trade** in which Bulgaria will seek to increase its participation based on the experience gained in the past years related to liberalisation of trade policy, application of international rules and standards, and other trade-related issues;
- **Participation of Bulgaria in EDCP** through the 10<sup>th</sup> EDF whereby Bulgaria will be able to foster co-operation with ACP countries. The amount of payments to the EDF for the period 2008-2013 has been set at BGN 33.4m (€ 17.1m);
- **Bulgaria's bilateral mechanisms of development aid** through the implementation of small, clearly defined and streamlined projects, participation in joint development projects of established donors in the selected priority countries on the basis of trilateral co-operation and provision of technical assistance;
- **Humanitarian aid in the context of natural and man-made disasters with devastating consequences, a form of which is food aid**, involving the Ministry of State Policy for Disasters and Accidents and other organisations.

### Czech Republic

The Czech Republic's official development aid in 2006 increased by 10.5% compared with the previous year and reached USD million 160.9 (€122.1 million) which represents 0.11% of gross national income.

**Table 2: Budget of the Czech Republic's ODA in 2005-2006, plan for 2007 and outlook up to 2009 (in €m (<sup>12</sup>))**

Structure of development co-operation	2005	2006	2007	2008	2009
Bilateral co-operation in %	42%	44%	40%	34%	32%
Multilateral co-operation in %	58%	56%	60%	66%	68%
Total development co-operation	101.5	122.5	126.2	144.9	168.6
ODA/GNI	0.11%	0.11%	0.11%	0.12%	0.13%

\*Ministry of Foreign Affairs

In 2005-6, the top recipient of gross ODA was Iraq, with US\$ 10 m (€ 7.9m), followed by Serbia (& Montenegro) with US\$ 6.4m (€ 5.1m) and Ukraine with US\$ 3.7m (€2.9m). By region, Europe was the top recipient with US\$ 18m, followed by the Middle East and North Africa with US\$ 13.7m.

The Czech government finances both bilateral and multilateral co-operation. The share of multilateral aid will increase due to the Czech Republic's commitments to international organisations. In the coming years, the total funding of ODA is due to grow in absolute figures. However, in terms of the ODA/GNI share, the growth from 0.11% to 0.13% of ODA/GNI is too small and, if this trend is to continue, the Czech Republic will not meet its obligation to the EU, whereby new Member States are required to achieve a share of 0.17% of ODA/GNI in 2010.

The Czech Republic will start with payments into the EDF in 2008. The Czech Republic's share should be 0.51% of the total budget of EDF. According to the Czech Ministry of Foreign Affairs, the payments to the EDF will be provided on an ongoing basis with the annual amounts having a progressive tendency. The estimates are CZK 160 million (€ 5.7m at current exchange rates) in 2008 and CZK 344 million (€ 12.3m) in 2009.

<sup>9</sup> GNI and GDP differ in that GNI includes income, such as interest and dividends, received from other countries, and equivalent payments to other countries. For this report, the terms as used in the respective countries are used.

<sup>10</sup> The exchange rate is based on fixed BGN/€ exchange rate: € 1/BGN 1.95583

(<sup>11</sup>) The figures for 2005 and 2006 are indicative and were provided by the Ministry of Foreign Affairs. Figures for 2007 have been recently requested by the Ministry of Foreign Affairs from the relevant line Ministries and Agencies. Projections for 2008 and onwards are the subject of further co-ordination between all agencies.

(<sup>12</sup>) ECB reference exchange rate, Czech koruna/Euro, € 1/CZK 28.342 in 2006, € 1/CZK 29.782 in 2005

### Estonia

Estonia has spent around EEK 87.5m (€ 5.6m at the exchange rate of 31 December 2005) on bilateral development co-operation in 1998-2005, which is approximately 27% of ODA. Financial resources spent on multilateral development co-operation reached 231 million EEK in 1998-2005 of which contributions to the EU comprise around 65%, with the remaining funds channelled as voluntary contributions to various UN agencies and funds.

Estonia's development budget in 2005 was EEK 120m, or 0.08% of GNI. In 2006, Estonia's ODA reached EEK 175m, or 0.09% of GNI. Estonia plans to contribute to the next payment cycle of the EDF, starting in 2008, and plans to increase its ODA to 0.1% of GNI by 2010, and aspires to reach the level of 0.17% of GNI.

### Hungary

Most of Hungarian ODA takes the form of technical assistance, project aid, debt forgiveness, humanitarian aid, tied export credits, public (or invitational) tenders, and contributions to international organisations' activities.

Bilateral agreements are financed by both the DIDCESR and the line ministries embarking on such activities. The biggest share of bilateral financing is provided to Serbia: in 2005 it received 10% of all ODA or more than HUF 2bn (€ 7.9m). Bilateral financing in ODA (including debt forgiveness) increased substantially in the fiscal year of Hungary's EU accession (2004) compared with the previous year from HUF 8.4bn to HUF 13.7bn or by 62% (multilateral aid increased by 200%). In 2005, bilateral financing fell back to HUF 8.6bn, by almost 38% (while multilateral financing again increased twofold). The year 2006 saw the financing of bilateral agreements climb again steeply to HUF 15.7bn or by 83% (and multilateral financing fell by 6%, almost stagnating).

Hungary will become a contributor to the EDF in 2008. It will pay € 125m into the fund between 2008-13 (IDC report 2006). Financing of bilateral agreements constituted 39% of ODA (debt forgiveness included) in 2005, while in 2006 this share increased to 56%. Not counting debt cancellations, this ratio is 80-85% for multilateral financing and 15-20% left for the government to spend individually or in co-operation with other countries on projects in line with its own strategy. The aim is to balance this ratio at a similar level as that of 'older' European donors at 60% and 40% respectively. While the government has always observed its commitments in multilateral financing, it is tailoring this type of financing to its 'IDC image' through voluntary payments into international organisations' budgets.

Hungary is committed to achieving the Barcelona Commitments agreed in 2002. It is striving explicitly to reach an ODA/GNI level of 0.17% by 2010. In 2006, this level stood at 0.13%. From 2008, Hungary's EDF contribution (if in addition to the ODA levels so far) will increase the figures by approximately 20% at 2006 levels of ODA/GNI.

### Latvia

Until 2007, multilateral aid has been predominant in Latvia's DCP. According to the Ministry of Foreign Affairs, in 2002-2005 more than 90% of Latvia's development co-operation funding took the form of payments to international organisations.

In 2005, the Latvian government made a commitment to increase ODA to 0.1% of GNP in 2010, with the biggest increase for planned bilateral ODA. This means that Latvia's overall budget for ODA falls short of the anticipated EU target of 0.17% of GNP. But according to the Latvian non-governmental development organisation, LAPAS, this gradual and moderate increase in ODA is in the long-term interests of Latvia's development co-operation policy since the institutions and other stakeholders need time to acquire expertise to use the funding more efficiently<sup>(13)</sup>. Latvia does not provide direct financial assistance, but provides assistance by sharing its experience via consultations and training.

Latvia's small amount of bilateral aid is highly tied, particularly technical co-operation (CONCORD). In addition, a significant proportion of Latvia's ODA "stays at home" via communications, consultation and research activities provided by NGOs and the academic sector. For example, 66% of Latvia's ODA budget for 2007 comprises scheduling for grant competitions opened for NGOs as well as the private sector. But support for communications activities, development studies and research projects amounted to 15% of Latvia's ODA in 2007. The MFA also channels a certain proportion of their budget to LAPAS (11.9% of Latvia's ODA went to LAPAS in 2005, and in 2006 this amount reached 43.9%). According to the latest Ministry of Foreign Affairs plans for development co-operation in 2008, it is very likely that the budget for bilateral ODA will not reach the promised LVL 1.6m. Unofficial sources confirm that only LVL 0.5m is likely to be available (these cuts are explained by the need to cut public expenditure to decrease inflation).

Table 3: Summary and perspectives of Latvian ODA<sup>(14)</sup>

	GNP (LVL m, projection)	EU budget* (LVL m)	EDF** (LVL m)	IO (UN, IOM, IMF) (LVL m)	Ad hoc bilateral ODA (LVL m)	Planned bilateral ODA (LVL m)	% of GNP	In total (LVL m)	In total (€ m)
2003							0.008	0.5	0.8
2004	7,214.0	3.70		0.68	0.12	0	0.06	4.5	0.7
2005	8,339.7	4.17		0.70	0.12	0.10	0.061	5.09	7.3
2006	9,353.7	4.37		0.70	0.12	0.15	0.057	5.34	7.7
2007	10,334.2	5.50		0.80	0.13	0.77	0.07	7.2	10.2
2008	11,369.6	5.70	0.87	0.80	0.13	1.60	0.08	9.1	12.9
2009	12,507.4	5.95	0.90	0.90	0.13	3.42	0.09	11.3	16
2010	13,741.6	6.20	0.94	1.00	0.13	5.43	0.1	13.7	19.5

Source: Ministry of Foreign Affairs, Latvia

\* The indicators have been calculated based on the assumption that 5% of Latvia's contribution to EU budget is allocated for the ODA.

\*\* The indicators have been calculated based on the assumption that they represent 0.76% of Latvia's contribution to EU budget. Latvia makes no contributions to the 9<sup>th</sup> EDF.

<sup>(13)</sup> Interview with LAPAS director Mara Simane, August 2007.

<sup>(14)</sup> The total in EUR is based on ECB reference exchange rate, Latvian lats ([http://sdw.ecb.europa.eu/quickview.do?SERIES\\_KEY=120.EXR.A.LVL.EUR.SP00.A](http://sdw.ecb.europa.eu/quickview.do?SERIES_KEY=120.EXR.A.LVL.EUR.SP00.A))

### **Lithuania**

The main financial instrument of Lithuania's policy is the Development Co-operation and Democracy Promotion Programme. This programme was approved by the Lithuanian Government on 8 June 2006. In addition, some international organisations are involved in the management of Lithuania's assistance for development co-operation. For instance, in 2007, a contract was prepared with the UN World Food Programme, which will implement a school project in the Ghor province of Afghanistan. In 2006, a joint project was implemented with UNICEF in Georgia.

In 2004, Lithuania devoted LTL 25.52m (€ 7.39m) for development co-operation, and in 2005 LTL 43.13m (0.062% of GNP). According to preliminary calculations, in 2006 Lithuania's contribution amounted to 0.068% of its GNP. The volume of assistance for bilateral projects increased by 90 times from LTL 100,000 (ca € 29,000) in 2004 to LTL 9m (ca € 2.6m) in 2007.

Lithuania seeks to increase development co-operation assistance up to 0.17% of its GNP by 2010. However, the necessary increase will only be achieved if political will and public support are secured for the corresponding budget rise.

Lithuania contributes to the European development co-operation policy through its payments to the EU budget and the EDF, as indicated in the financial framework adopted by the European Council.

### **Poland**

Poland spent minimal amounts on ODA prior to its EU accession: annually, between 1998 and 2003, not more than US\$ 60m (€ 48m at the exchange rate of 31 December 2003) was committed. The value of Poland's ODA grew from US\$ 137.6m in 2004 to nearly US\$ 205m in 2005 and US\$ 309m in 2006. This constituted 0.068% of the country's GDP in 2005 and 0.1% the following year. The government committed itself to raise the level of ODA to 0.11% in 2007, to 0.17% in 2010 and to 0.33% in 2015.

Since September 2005, the Department of Development Assistance has been in charge of both planning and implementing all of Poland's bilateral assistance and servicing Poland's contributions to multilateral assistance. The assistance takes two forms: multilateral and bilateral. In both cases, the Ministry of Finance disburses funds, which either take on the form of contributions to international institutions - World Bank, UN, EU (multilateral aid) or debt reduction, preferential credits and development projects, implemented by Polish local government, embassies and NGOs (bilateral aid). Bilateral assistance is funded from the state budget reserve that is approved annually. In 2005, this form accounted for less than a quarter of the total aid (23% or US\$ 48m, or € 41m at the exchange rate of 31 December 2005), while 70% (US\$ 145m out of US\$ 205m) of Poland's ODA was managed by the EU.

The bilateral fund is composed of three main lines:

- technical assistance to countries in transition
- development assistance for priority countries
- Small Grant Fund

While technical assistance has been targeted to European and Central Asian post-Communist countries, development assistance went to seven poor countries, qualifying for ODA (in 2005 those were Afghanistan, Angola, Georgia, Iraq, Moldova, Palestinian Autonomy and Vietnam), while Small Grants were allocated to Sub-Saharan Africa, Cambodia and Mongolia.

The low level of bilateral assistance and the decision to set up a central co-ordinating unit at the Ministry of Foreign Affairs have determined the management model. The Polish government has chosen not to share or transfer the management to international organisations. Over time, the volume and share of funds in the hands of the MFA grew - from PLN 18m (US\$ 6.5m, or € 5.49m) in 2005 to PLN 85m (US\$ 30m) in 2006, and remaining stable in 2007 (US\$ 32m).

Development aid, including democracy assistance, is generally disbursed through annual tenders that are launched, managed and monitored by the Department of Development Assistance of the Ministry of Foreign Affairs. Large infrastructural or transfer-of-experience projects are undertaken by central or local government offices, and people-to-people actions by non-governmental organisations, while the Small Grant Fund is used by Polish representations in countries in Africa and Asia for small development aid projects. According to the Ministry, there are plans to engage research institutes and businesses in the future implementation. Poland is planning to contribute to the EDF a total of € 8m in 2008, € 19.2m in 2009, and € 29.5m in 2010.

### **Romania**

Financing specific assistance operations will be done through the budget of the Ministry for Foreign Affairs. The Assistance fund cannot be redistributed or used for other purposes.

Until 1 January 2007, Romania was mainly a recipient of international development assistance and is only now starting to contribute to EDC policy as a donor. Romania plans to make significant efforts towards increasing its level of ODA, seeking to meet the targets of 0.17% of GDP in 2010 <sup>(15)</sup> (equivalent to ca € 260m), and 0.33% of GDP in 2015. Romania plans to contribute € 88.2m to the 10th EDF.

### **Slovakia**

Slovak ODA includes projects implemented via the Ministry of Foreign Affairs (bilateral assistance that consumes approximately 10% of total funds allocated to ODA), humanitarian aid abroad, Slovakia's contributions to international organisations and programmes, the studies of foreign students at Slovak universities, and remittance of debt to developing countries.

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<sup>(15)</sup> Estimated GDP of Romania in 2010 will reach ca € 154bn, according to the *Early Warning Report* released by the Romanian Academic Society in February 2007.

In financial terms, total development assistance provided by the Slovak Republic amounted to SKK 910m (€ 23.5m) in 2004 (0.07% of GDP), SKK 1.74bn (€ 46m) in 2005 (0.12% of GDP), and SKK 1.64bn (€ 47.4m) in 2006 (0.10% of GDP)<sup>(16)</sup>. Slovakia has repeatedly expressed its commitment to reach the share of ODA at the level of 0.17% of GDP in 2010 and 0.33% in 2015.

Slovakia will contribute € 47.6m to the 10th European Development Fund (EDF). Slovakia's first instalment to EDF is expected in 2011-2012.

### **Slovenia**

According to the latest statistics available – from 2005 – Slovenia's official development assistance (ODA) totalled € 29m, or 0.11% of GDP. Bilateral aid represented 40% of total ODA. In 2007, Slovenia is due to spend € 22.2m or 70% of total ODA on multilateral aid (EU budget and membership fees), € 7.95m or 25% of total ODA on bilateral aid, and € 1.59m on administration costs. The government intends to increase the ratio of ODA/GDP to 0.17% in 2010 and to 0.33% in 2015. The share of bilateral aid as a percentage of total ODA is due to increase to 71% in 2015.

Pending the approval of the proposed Strategy, Slovenia will allocate € 6.9m to EDF not earlier than in 2011.

Table 4: Expected structure of ODA spending in € million

<b>ODA</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Institutional multilateral aid</b>	<b>22.20</b>	<b>24.36</b>	<b>24.6</b>	<b>24.06</b>	<b>31.55</b>	<b>32.57</b>	<b>33.60</b>	<b>34.68</b>	<b>35.59</b>
of which:									
- EU budget	16.30	17.87	17.46	16.21	16.48	17.18	17.87	18.59	19.14
- EDF	0	0	0	0	6.9	6.9	6.9	6.9	6.9
- Membership payments and contributions to international organisations	5.90	6.49	7.14	7.85	8.17	8.49	8.83	9.19	9.55
<b>Available ODA*</b>	<b>7.95</b>	<b>14.16</b>	<b>26.01</b>	<b>36.85</b>	<b>44.54</b>	<b>59.38</b>	<b>76.78</b>	<b>99.48</b>	<b>119.46</b>
of which humanitarian and post-conflict aid**	0.79	1.41	2.6	3.68	4.45	5.94	7.68	9.95	11.95
<b>Administrative costs</b>	<b>1.59</b>	<b>2.03</b>	<b>3.23</b>	<b>3.89</b>	<b>4.86</b>	<b>6.92</b>	<b>8.31</b>	<b>10.10</b>	<b>11.67</b>
<b>TOTAL</b>	<b>31.73</b>	<b>40.55</b>	<b>53.83</b>	<b>64.79</b>	<b>80.95</b>	<b>98.87</b>	<b>118.69</b>	<b>144.26</b>	<b>166.72</b>

Source: Mrak M. et al: Final version of the Strategy of Slovenian Development Co-operation, 22.5.2007.

\* Includes "programme multilateral aid" and bilateral aid

\*\* "Post-conflict and humanitarian aid" will account for 10% of total available ODA, of which post-conflict aid will account for approximately two-thirds, humanitarian aid one-third.

<sup>(16)</sup> The reasons for the decreasing share of Slovak ODA as a percentage of GDP and the declining absolute numbers in 2006 - according to the official explanation - are: (a) the dynamic growth of GDP, (b) the lower level of debt remittance to Sudan and Afghanistan, and (c) the stagnating amount of money allocated for the bilateral component of ODA.

## Awareness-raising of Development Co-operation Policy in NMS

### **Bulgaria**

Scheduled public relations activities include conferences and initiatives supporting development such as “European Development Days”, and parliamentary debates <sup>(17)</sup>.

Two sociological surveys carried out at the end of 2006 and the beginning of 2007 indicate emphatically that Bulgarians are not familiar with development co-operation policy <sup>(18)</sup>. Survey data outlines the classic picture of what public opinion surveyors define as “support in principle”. Slightly more than 50% of Bulgarians consider developing countries as undoubtedly deserving of help, but 45% either disregard aid-to-development as an insubstantial matter, or have deeply ingrained doubts about it. In the Eurobarometer survey about Europeans' motivation to support the development aid, conducted in February-March 2007, Bulgarians cited as the second main reason for aiding poor countries the following: “to prevent citizens of these countries emigrating to rich countries”. Over two-thirds (70%) subscribe to the opinion that the EU and USA must maintain policies in support of the poor and undeveloped countries, mainly in Asia and Africa. However, this share dips to 47% when Bulgaria is placed in the picture as a donor - based on the view that Bulgaria is among the countries in need of such aid and support.

### **Czech Republic**

The Czech Ministry of Foreign Affairs has supported several awareness-raising activities in recent years, for example a project by the People in Need Foundation, aimed at informing Czech society through publishing special sections in the main daily newspapers, creating a website ([www.rozvojovka.cz](http://www.rozvojovka.cz)), and organising seminars for journalists and journalists' trips to the priority countries for development aid. The result of the awareness-raising campaigns is a better acquaintance of the public with development policy <sup>(19)</sup>.

### **Estonia**

The first public opinion poll on development aid policy was commissioned by the Ministry of Foreign Affairs in 2005: 81% of respondents having heard about development co-operation and 65% supporting assistance to poorer countries of the world. Higher public awareness and development education programmes in schools are important domestic objectives of Estonia's development co-operation strategy. In 2006, such activities received 4% of ODA implemented by civil society organisations.

### **Hungary**

DIDCESR supports NGOs active in the field of awareness-raising via public tenders: in 2004, 4% of grants were tendered out to civil society and private sector organisations, while in 2005 28% of grants offered to the civil sector were allocated to the communication of Hungarian IDC. Planned programmes include: a new UN Academy series and an information session for MPs together with UNDP. There is an accredited stream on international development offered at the Corvinus University's International Relations Department, and DIDCESR is co-operating in offering internships and thesis supervisors. The launch of another stream is under preparation at ELTE University.

### **Latvia**

The general understanding of, and local involvement in, DCP is low. According to opinion poll results from 2005 <sup>(20)</sup>, 43% of Latvians agreed that Latvia should help less developed countries. This showed a slight increase in public support for DCP in comparison with 2004 data. The lack of public support is seen as one reason why the government needs to stress Latvia's interests in DCP, instead of focusing on the benefits for the receiving countries. Through MFA grants, awareness-raising activities have started in 2007.

### **Lithuania**

A significant amount of publicity was received on the subject of Lithuania's leading role in the reconstruction of the Ghor province of Afghanistan. A separate information campaign, "Time to help others", was organised by the MFA and UNDP in 2006. It was designed to explain to the general public the status of the country as a new donor and to mobilise support for development co-operation policy. This campaign involved several components: public activities and social advertising of national advocates/good-will ambassadors, communications campaign, a public walk "Walk the World", outdoor concerts, debates in schools and youth organisations, a launch of the Regional Millennium Development Goals' Report, advertisements, and a film.

### **Poland**

A public campaign, launched in October 2004 by the Warsaw UNDP office, *Poland Is A Paradise! Time to Help Others*, featured outdoor advertising, interviews and shows on the radio and TV, and a series of panel discussions and multimedia exhibitions. The activities aimed at the general public and illustrated the MDG agenda through the use of statistics and real-life examples. As a result of the campaign, lasting for 15 months, over 150 media references were recorded, the first survey on the public support for development assistance was undertaken, and in 2005 the global MDG summit in New York was covered by the Polish media. The campaign continued in Krakow in November 2006 at the time of the European Development Days. A series of four exhibitions was held in major Polish

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<sup>(17)</sup> On 16 October 2007, in Sofia, as part of the UNDP initiative related to the organization and carrying out parliamentary debates on MDG in the New member states, the first national public debate with related print and multimedia promotion materials will be held. The event will be organised by the Atlantic club in co-operation with the European institute, Sofia.

<sup>(18)</sup> *Bulgaria: Beyond the Facts* (UNDP-supported monthly risk analysis and forecast publication): conducted nationwide representative sociological survey, "Attitudes towards development aid: Bulgaria's emerging donor status of official development aid for developing countries and countries in transition". Special *Eurobarometer* edition: Europe-wide survey, "Europeans and Development Aid", conducted in February-March 2007, published June 2007.

<sup>(19)</sup> According to an opinion poll from November 2006, 59% of Czech people had heard about the existence of Czech development policy and an absolute majority of the population supported providing development aid. Around 50% of people would even agree with a raise in taxes by 1% if this was used for the development aid. SC&C Opinion Poll commissioned by the Czech Ministry of Foreign Affairs, data gathered in November 2006

<sup>(20)</sup> SKDS opinion poll results, December 2005, [http://www.mfa.gov.lv/data/file/l/p/atskaite\\_am\\_sadarbibal22005.pdf](http://www.mfa.gov.lv/data/file/l/p/atskaite_am_sadarbibal22005.pdf)

cities, giving impetus for holding student debates on the challenges of combating poverty, providing access to drinking water, sanitation, health care and education.

In October 2007, MDG debates were scheduled to be launched by NGOs to mark international day to combat poverty after a UNDP tender. The work of Polish NGOs in development assistance abroad was presented to the public at a day-long event at the National Library in Warsaw, the Polish Foreign Assistance Forum, held on 22 September 2007. Best-practice cases were presented, panel debates on forms and objectives of assistance were held, and concerts and slide-shows took place. Global Education Week was launched first in November 2006, and again in July 2007. Four one-day trainings were offered free of charge to interested NGOs in different locations throughout the country, covering the methodology of education for development, including the MDG agenda and concepts of sustainable development. A more extensive presentation of the issues in the African context was given by the Salesian missionaries at a two-day study visit to Krakow.

The MFA offers a series of thematic workshops as a public service to interested NGOs as part of the so-called Academy of International Co-operation for Development and Democracy. Six workshops were held on 17-20 September 2007.

### **Romania**

The government has set out to develop a partnership with civil society in the field of development co-operation<sup>(21)</sup>, and plans to support the organisation of roundtable discussions on development co-operation to facilitate a framework for consultations on national priorities for development co-operation. An information strategy will be pursued in order to raise awareness among citizens concerning the concept of development co-operation, as well as on the need for support to, and solidarity with, developing countries. Public-awareness campaigns will include information campaigns (seminars, conferences, "open-doors" days), promoting equitable commerce with developing countries. Media will be approached as an important partner for disseminating information related to development co-operation policy, while an Annual Report of development co-operation will be issued by the managing authority (the Ministry for Foreign Affairs). Romanian Universities will include special development co-operation studies in their curricula, in line with the EU recommendations.

### **Slovakia**

To increase the awareness of the Slovak public about ODA and to boost support for the main goals of ODA, in 2006 the Ministry of Foreign Affairs launched, in co-operation with Ministry of Education and the Platform of non-governmental development organisations, a long-term project of development education. One of its purposes is to generate human resources for development co-operation. Representative opinion polls, conducted in Slovakia, revealed the prevailing positive attitude of Slovak citizens to the main goals of Slovakia's ODA.

### **Slovenia**

A survey entitled "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>(22)</sup>.

The final version of the Strategy of Slovenian Development Co-operation approves the role of NGDOs, especially in awareness-raising. However, there are no calls for proposals for such projects at the national level yet. The Regional Partnership Programme (RPP) has therefore played a crucial role by funding awareness-raising activities of Slovenian NGOs in Slovenia and "developing countries" since 2005. In 2005-2006, the RPP funded five projects.

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<sup>21</sup> On 16 October 2006, 35 Romanian non-governmental organisations joined in a national platform named *Romanian NGO Federation for Development (FOND)*, which is currently applying for legal registration.

<sup>22</sup> 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) (30.8.2007).

## Priority Countries concerning European Development Policy, and Co-operation of NMS with Neighbours

### Bulgaria

The countries with which Bulgaria will build up development partnerships should meet the following criteria:

- existence of a certain level of political, diplomatic, commercial, and economic and cultural contacts with Bulgaria;
- comparative advantage of Bulgaria: greater experience in certain areas in comparison with other donors and/or better awareness of the local needs and characteristics, which will be conducive to making the assistance more effective;
- fulfilment of the general conditions for co-operation with the donor community: the recipient country is to take real steps addressing the problems of its own development; relevant infrastructure needed for co-operation implementation, etc.

On the basis of the above criteria and in line with the principle of concentration, two groups of countries will be identified:

1) *Priority countries* The group will include countries from south-east Europe and the Black Sea region. In the future, on the basis of experience gained and financial possibilities, the circle of priority partners may be extended to include least-developed countries, particularly in Africa, in the context of the Ministry of Foreign Affairs paper, *Concept and specific measures for reinforcing the relations between the Republic of Bulgaria and the Sub-Saharan African states*, and in view of the EU commitment to orientate 50% of increased development aid to that continent.

2) Countries to which Bulgaria has undertaken international commitments within the framework of international organisations or coalitions (such as Iraq and Afghanistan).

Bulgaria is engaged in the *Transnational Co-operation Programme for South East Europe*, part of Objective 3 of European territorial co-operation for the programming period 2007-2013 in the framework of EU Cohesion policy. It includes EU and non-EU members including neighbours of Bulgaria (Albania, Bosnia-and-Herzegovina, Greece, Serbia, Montenegro, and Croatia).

With the accession of Bulgaria and Romania, *Black Sea Synergy* will build upon ongoing EU sectoral programmes and initiatives on good governance, movement of persons and security, energy, transport, environment, maritime policy, fisheries, trade, research, education, employment, social affairs, science and technology. A Black Sea cross-border co-operation programme is in place to stimulate civil society activities in coastal regions. Currently Bulgaria, under the 2005 PHARE Financial Memoranda, operational until 30 November 2007, is engaged in *cross-border co-operation programmes* with Turkey, Greece, Serbia (& Montenegro), and the Former Yugoslav Republic of Macedonia.

On 14 September 2007, the Ministers of Foreign Affairs of Bosnia-and-Herzegovina and the other participating States in the South-East European Co-operation Process, as well as UNMIK on behalf of Kosovo, signed in Plovdiv the agreement establishing in Sarajevo the Secretariat of the Regional Co-operation Council. The formal start of the Secretariat's work is planned for February 2008. The *Regional Co-operation Council (RCC)* will take over the activities of the Stability Pact for South Eastern Europe.

### Czech Republic

The Czech Republic dedicates 75% of its budget for bilateral development aid to the following priority countries, with an increasing focus on long-term projects.

Table 5: Funding allocated to development co-operation with priority countries for the period 2006-2008 (thousands €) <sup>(23)</sup>

Country		2006	2007	2008
Angola	agriculture, education	539	956	1,182
Bosnia-and-Herzegovina	industrial development, transport, agriculture, migration, good governance	1,111	2,476	3,027
Moldova	education, social development, environment, migration, good governance, agriculture	771	1,160	1,286
Mongolia	industrial development, environment, agriculture, social development	1,046	1,878	2,329
Serbia (& Montenegro)	industrial development, transport, healthcare, social development, environment, migration, good governance	1,567	3,492	3,555
Vietnam	environment, social development, agriculture, industry and trade	790	1,573	2,202
Yemen	water management, energy, education	531	1,096	1,170
Zambia	healthcare	280	775	775

Based on January—September 2006 CZK/US\$ rate and January-September 2006 US\$/€ rate

In **Afghanistan**, the sectoral priorities are educational development, transport infrastructure development, potable water supplies, agriculture, cultural heritage protection, and in **Iraq** they are education, healthcare, policy, judiciary system, cultural heritage reconstruction, support for NGOs.

Czech transformation aid aims at both the democratisation and protection of human rights in non-democratic regimes and social transformation in countries in transition. The priority countries of the transformation aid are therefore: Cuba, Belarus, Burma, Ukraine, Serbia, Bosnia-and-Herzegovina, Moldova, and Georgia. The general orientation of the Czech foreign policy around values such as democracy, rule of law, and human rights has taken precedence in its Eastern dimension. At the same time, the Czech Republic does not have common borders with ENP countries (thus not needing to engage in issues around cross-border co-operation, and protection of state borders), and came quite late to its involvement in the European Neighbourhood Policy (ENP) in comparison with the other NMS, and

<sup>(23)</sup> Source: Resolution of the Czech Republic Government no. 686, dated 7 June 2006: "The Medium-term Outline of Funding of International Development Co-operation of the Czech Republic Until the Year 2009" Taken from the publication *International Development Co-operation of the Czech Republic*, Institute for International Relations, 2006

concentrated its efforts towards the Western Balkans. This situation is gradually changing, as greater focus on the ENP Eastern dimension is complemented by the fast growth of trade with these countries.

### **Estonia**

Good governance, human rights, democracy and the rule of law have become important sectors for Estonia's development co-operation, and information and communications technology (ICT) is regarded as an important cross-cutting sector. Bilateral development co-operation focuses on four priority countries: Georgia, Moldova, Ukraine, and Afghanistan.

Georgia has explicitly expressed interest in Estonia's experience in ICT and policy planning for institutional and administrative reforms. Until recently, Estonia worked with Moldova via multilateral institutions. However, inter-governmental political consultations have taken place since 2006. Similar consultations are planned with other priority countries. In 2006, 6% of ODA was spent in Afghanistan. Estonian forces continue to participate in the Provincial Reconstruction Teams (PRT) in South Afghanistan, and a civilian representation in Helmand province is exploring the potential for bilateral development projects.

Estonia currently has no bilateral policies towards the least developed countries in the world, nor has it taken any official position in supporting EU initiatives towards the least developed countries. However, Estonia pledges to establish bilateral co-operation with one least developed sub-Saharan African state and to support development projects in other developing regions such as the South Caucasus, Western Balkans and the Middle East.

Estonia's development co-operation is characterised by its strong focus on the neighbouring countries of the EU eastern border, and thus it largely coincides with the objectives of the ENP. Estonia lacks a framework document on the ENP, but political rhetoric and practical support schemes clearly identify the Eastern ENP countries as its high foreign policy priority. Over half of ODA in 2006 was spent in four Eastern ENP countries – Ukraine (9%), Georgia (25%), Moldova (9%), Armenia (9%).

Estonia's Foreign Minister regularly underlines the importance of the ENP as the most powerful external instrument at the EU's disposal for the promotion of economic development and good governance<sup>(24)</sup>. Estonia favours an individual approach and differentiation based on the reform progress of partners as an incentive for an advanced level of co-operation and increased financing. It prioritises the access of ENP countries to EU markets by free trade agreements, people-to-people contacts by visa facilitation, conflict resolution by constructive engagement, and a multilateral dialogue on transport, environmental protection and the security and diversification of energy supply.

Belarusian democratic forces have attracted special attention from Estonian NGOs that have taken a long-term initiative in support for civil society capacity-building and free media. Estonia intends to expand its ties to the South Mediterranean by appointing diplomatic representatives to Egypt and Israel in autumn 2007.

### **Hungary**

Hungary concentrates its aid activities on countries and regions where its comparative advantages can be leveraged. Therefore, Hungary has to have previous co-operative experience with the different partner countries in order to embark on IDC activity.

The priorities are: the stabilisation process of the Balkans; the ENP; the transfer of experience gathered during the political and economic transition to democracy, in order to promote good governance in partner countries; Iraqi reconstruction; the stabilisation of Afghanistan deriving from Hungary's NATO commitments; and the provision of clean drinking water.

Besides these objectives, Africa's development will receive more emphasis in IDC policy, reflected in the elaboration of a working paper on Hungary's African development strategy at the end of 2006; and the potential adherence to the EU-African Infrastructural Trust Fund is also being addressed (IDC report 2006). Indonesia, Thailand and Sri Lanka were added to the partner countries for the years 2005 and 2006 after the humanitarian catastrophe in 2004.

The 2003 Strategy of IDC put forward the following areas of action, and reflects Hungary's comparative advantages in IDC: transfer of Hungarian experience pertaining to democratic transition; intellectual capital, knowledge-based assistance; education (graduate and postgraduate), expert and technical expert education, curriculum development, distance learning; healthcare and the production of drugs; agriculture, foodstuffs; water management; infrastructure planning; environmental protection; protection of cultural heritage; general and transport engineering, cartography.

Hungarian IDC in 2007 has 16 target countries with different levels of prioritisation<sup>(25)</sup>:

**Strategic partners:** Serbia and Montenegro, Bosnia-and-Herzegovina, Vietnam

**Other partner countries:** Macedonia, Moldova, Mongolia, Kyrgyzstan, Ukraine, Palestinian Authority, and the least developed countries (LDCs) Ethiopia, Yemen, Cambodia, and Laos.

**International commitments:** Afghanistan, Iraq.

Further concentration of target countries and areas of action is expected after the 2008 review of IDC policy and activities.

As well as sharing the ENP's functional goal - decreasing political, economic and social differences between the EU 27 and their neighbours - Hungary has a strong focus on minority rights in the EU and the neighbouring countries, due to the Hungarian minorities scattered around the border areas. This focus drives Hungarian foreign affairs to being supportive to a prospective accession to the EU for Ukraine and Serbia in the long run. A key Hungarian interest is its active participation in the ENP within the limits of its political and economic potential, both of which are rather low compared with other countries in the region, *inter alia* because of the country's weak economic performance in recent years.

<sup>(24)</sup> The most recent statement was the Address by the Minister of Foreign Affairs of Estonia at the European Neighbourhood Policy Conference in 3 September 2007 in Brussels. Available at [http://www.vm.ee/eng/kat\\_140/8697.html](http://www.vm.ee/eng/kat_140/8697.html)

<sup>(25)</sup> IDC report 2006

According to the DIDCESR, the neighbouring countries in order of importance from the point of view of IDC policy are: 1. Serbia, 2. Moldova, 3. Ukraine, 4. Bosnia-and-Herzegovina, 5. Montenegro.

The Szeged Process (from 1999) targets the Western-Balkans (mostly Serbia and Montenegro), and the Nyíregyháza Initiative (from 2003) targets the Ukraine. The MFA finances these programmes from the East and South-East Europe Governmental Strategy appropriation. Moldovan projects are financed from the IDC appropriation and the Hungarian contribution in accomplishing the EU-Moldova ENP Action Plan. Between 2003-2006, the MFA spent HUF 178.5m (€ 0.7m) on the Nyíregyháza Initiative, which realised more than 300 projects. Its objective is to advance Ukraine's regional and EU integration by strengthening local civil society, human resources, public administration effectiveness and local expertise through education and informational projects. In the first half of 2007, HUF 65m were tendered out to fund 37 projects in line with the objectives.

The Szeged Process consists of three pillars: the project execution and grant allocation work of the Esély a Stabilitásra Közalapítvány (Opportunity for Stability Public Foundation), IDC projects of DIDCESR, and multilateral activities within the Budapest Forum established in 2005. The public foundation started operating in 2000 and has since granted out HUF 1.16bn to fund approximately 400 projects, the majority of which had a value between HUF 1-5 million. Thematic priorities of the Szeged Process are Euro-Atlantic integration and the democratic transition of the supported countries. The public foundation funds projects in the field of: transfer of EU integration experience through education and training; development of civil society for participation in public life; Euro-Atlantic and EU security co-operation; regional stability, local and regional crisis management, tolerance programme; decentralisation management, inter-regional communication.

### **Latvia**

The list of priority countries for Latvia's DCP has been narrowed since 2003 when Latvia was interested in CIS and Balkan countries. In 2005 Georgia, Moldova, Ukraine, Uzbekistan and Belarus (in limited sectors) were the priority countries. In 2006, development co-operation activities were implemented only in Georgia and Moldova. In 2007, Ukraine was added, and Latvia planned to support projects in other CIS countries as well as Belarus where co-operation is possible in specific areas, such as civil society development. In addition, Afghanistan and Kosovo were nominated for the implementation of development assistance projects in post-crisis situations in 2007.

Latvia's priority countries for DCP are based on Latvia's interest in the economic growth, stability and the strengthening of democracy in the neighbouring regions. Therefore, Latvia set the former Soviet republics on the EU's eastern border – Georgia, Moldova, Ukraine - as its development assistance priority regions for 2007.

In 2005, several technical assistance projects in Moldova and Georgia were implemented in sectors such as border guards, customs, administration of penitentiary institutions, co-ordination of EU issues, and establishment of local government systems. In 2006 (via grants), projects in areas such as development of civil society, municipality co-operation, development of audiovisual sector and sustainable economic growth were implemented. Technical assistance in 2004 and 2005 as a form of OA and ODA went to Ukraine, Moldova, Russia, Belarus, Uzbekistan, Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan, Azerbaijan, Armenia, Georgia, Albania, Bosnia-and-Herzegovina, Macedonia, Serbia-Montenegro, Croatia, Bulgaria, Romania, Turkey, Iran, Iraq, Lebanon, Beirut, Egypt, Tanzania, Venezuela, Costa Rica, Sri Lanka, and China.

For 2007, the following priority areas were identified for DCP projects of bilateral and trilateral co-operation: support for state administration, local government and economic reform process; support for the Euro-Atlantic integration process; promotion of the development of democratic and civil society; implementation of development assistance projects in countries where Latvia is participating in peacekeeping missions; education, culture, social development, health, environmental protection.

According to Latvia's basic principles, goals, priorities and actions for Latvia's EU membership for 2007-2013, Latvia's specific objective for participation in the ENP is to export Latvia's transition experience to the new democracies in the CIS region and EU neighbouring countries. Co-operation between Latvia and Russia should improve and expand in other fields in the near future after the signing of the border treaty and agreements on economic, cultural and scientific co-operation (working groups for these fields have been established), and Russia ranks third and fourth place in import and export volumes respectively. Latvia is interested in co-operation also with Belarus, but to date such co-operation is limited to support for civil society.

In the case of Moldova, Georgia and Ukraine, Latvia takes part in regular political dialogue, ministerial co-operation and co-operation of other state institutions, for example, in increasing the capacity of border guards, food and veterinary services, and improving environmental protection. Development co-operation is seen as one instrument to implement the ENP.

### **Lithuania**

According to the Government Resolution of 2006, there are four priority areas, where Lithuania grants its assistance: (a) democracy promotion, human rights, good governance, and the rule of law; (b) economic development; (c) European integration; (d) strengthening administrative capacities.

In the period of 2004-2006, most projects were financed in the sectors of public administration (nine), democracy, education and health (six in each sector), justice and home affairs, and European integration (five in each sector). No projects have been implemented in the areas of economic development and trade, despite their thematic priority. Moreover, Lithuania has more specific thematic priorities in certain partner countries. One of the main priorities of assistance in the Ghor province of Afghanistan, where Lithuania is leading the reconstruction mission, is education. In 2007, a large contract was prepared for the construction of 14 schools in five regions of the Ghor province.

In implementing the development co-operation policy, most attention has been paid to the countries of Eastern Europe (Belarus, Ukraine, Moldova) and the South Caucasus (Armenia, Azerbaijan, Georgia). These countries are not the African, Caribbean and Pacific (ACP) countries covered by the EDF; the selection of countries for development co-operation instead reflects various interests of Lithuania.

Lithuania grants assistance to countries recovering from conflicts (Afghanistan and Iraq) and natural disasters as well as other less developed countries. Since 2006, most resources of development co-operation are allocated to Afghanistan (about € 0.33m or 60% of all bilateral assistance in 2006). In 2006, Lithuania funded its first bilateral project in Mauritania (assistance to oceanologists).

The following feature among the principal goals of Lithuanian foreign policy strategy: (a) to actively support Belarus in its attempts to become a predictable democratic and independent European country; (b) to support Moldova's territorial integrity, its efforts in finding a peaceful solution of the conflicts in its territory as well as strategic choice of integration into the European Union; (c) to unconditionally support democratic reforms in Ukraine and its aspirations to accession to the EU and NATO.

The principal fields of political co-operation between Lithuania and Belarus are state border control, transport, environmental safety, development of cross-border contacts, cultural co-operation, and preservation of common historical heritage. The European Humanitarian University, which had been considered the only non-governmental and non-ideological institution of higher education in Belarus, moved to Vilnius in 2004 after its closure in Minsk by the Government of Belarus. Almost 1,000 students enrol in its university each year in Vilnius. They are educated to become future leaders of a democratic Belarus.

Lithuania's relations with Moldova focus mainly on the exchange of Lithuanian European integration experience. Projects are also being initiated on assisting implementation of the EU-Moldova ENP Action Plan as well as on strengthening the administrative capacities of Moldova's civil servants. Recently, two bilateral agreements were signed with Moldova: on Co-operation and Mutual Assistance in Customs Matters and on the Travel of Citizens.

On 23 December 2005, the foreign ministers of Lithuania and Ukraine signed a joint statement on regional co-operation and co-operation in the field of European and Euro-Atlantic integration. This statement stipulates plans and actions aimed at promoting co-operation, sharing experience, and facilitating the gradual integration of Ukraine into EU political, economic and humanitarian areas. On 11 October 2006, foreign ministers signed a joint statement on co-operation between Lithuania and Ukraine in implementing the EU-Ukraine ENP Action Plan with several projects (in the fields of social development, public procurement, insurance, agriculture and justice). Trilateral Lithuanian-Ukrainian-Polish co-operation is also initiated.

In the programming period of 2004-2006, Lithuania participated in the joint "Neighbourhood" programme of Lithuania, Poland and the Russian Federation (managed by a secretariat located in Vilnius) under the INTERREG III A initiative. In the programming period of 2007-2013, new operational programmes will be funded from the European Regional Development Fund under the new objective of European territorial co-operation. Two Euroregions are operating between Lithuania and Belarus.

### **Poland**

Polish development assistance in 2004-2006 covered three groups of countries: (a) developing countries with which Poland has strong political, economic and cultural relations; (b) countries undergoing political transformation, in particular Eastern and South-Eastern European countries; and (c) developing countries in transition and countries where groups of people of Polish origin live.

The share of funds between countries is roughly similar from year to year. More than half of the aid goes to Belarus, Ukraine, Moldova and Georgia, which are covered by the ENP and are important especially in the area of democracy assistance. Another priority group (with around 10%) is allocated to the ODA priority countries, such as Afghanistan, Iraq, Vietnam, Angola, and the Palestinian Authority. Smaller amounts are given to other CIS states (around 5%) and selected Asian and African states (3%), where Polish embassies and charities are present. The rest covers multilateral, humanitarian and food assistance.

The thematic and geographical priorities are likely to be retained. Poland intends to continue to place emphasis on its immediate eastern neighbours (especially Belarus and Ukraine) as well as on Central Asia and the south Caucasus. In line with current trends, more funds will be allocated to south-eastern Europe, and selected countries will be targeted in Central America, the Middle East (especially Iraq and Afghanistan) and sub-Saharan Africa (mainly where the Polish Catholic missions are present).

Poland's development assistance focuses on the country's non-EU eastern neighbours (Belarus, Ukraine, Russia). This is evident in a number of aspects: (a) the development strategy envisions the transfer of Polish transition experience to other post-communist countries; (b) democratisation and institution-building are set to become even more prominent objectives of development assistance; (c) Polish NGOs commissioned to implement assistance are largely interested in working in Ukraine and other CIS states; (d) Poland disburses assistance in separate country or region-wide project lines, and projects carried out in Ukraine, Belarus and Russia receive the bulk of funding.

Apart from direct project funding, Poland's eastern neighbours have been the subject of several other Polish initiatives:

- the Polish government has consistently expressed its support for the EU membership of the CIS countries willing to integrate (Ukraine, Moldova, Georgia) or those states that could potentially choose this option (Belarus)
- Polish politicians have asserted vital interests of the countries of Eastern Europe at EU fora: initiating European Parliament resolutions condemning human rights violations in Belarus and calling for fair elections and eventually opening of an EU membership perspective in Ukraine, putting forward the proposals of European energy security co-operation in the light of the pressures exerted on Ukraine, Georgia or Belarus
- Polish visa policy has been among the most liberal towards the Eastern neighbours (especially Ukraine), and Poland is working towards the lowering of EU visa fees and facilitating the conditions for obtaining them
- As Poland is the only EU state bordering three CIS states (Russia, Belarus, Ukraine), four of its sixteen provinces are engaged in cross-border co-operation schemes
- Polish NGOs are not only engaged in direct partnerships with counterparts from the CIS states, but also serve as re-grantors for West European and US foundations for carrying out projects in the CIS.

Poland's foreign ministry circulated proposals for opening an 'eastern dimension' of EU policy, covering the states of Eastern Europe bordering on the enlarged EU, in a non-paper in 2003. Its objectives of presenting the EU neighbours with a comprehensive package and dedicated funding were realised in the European Neighbourhood Policy, announced soon afterwards.

The high point of co-operation was the response to the Orange Revolution in Ukraine. Polish and Lithuanian presidents, accompanied by EU High representative for Common Foreign and Security Policy Javier Solana, helped break the deadlock over the presidential elections, and the prime ministers of the Visegrad Four made a joint statement encouraging democratic reforms and calling on the EU to engage Ukraine. The International Visegrad Fund established a common granting programme targeting non-EU nationals from neighbouring countries. Lithuania, Poland and Hungary also adopted liberal visa regimes, aiming to stimulate people-to-people contacts across the EU border.

### **Romania**

The main thematic priorities set up by the National Strategy for National Policy of International Development Co-operation are: economic development, consolidating democracy and the rule of law, good governance, education, public health, infrastructure development, and environmental protection.

Romania will support the development of states from geographic areas identified as a priority for Romania's foreign relations, namely eastern Europe, western Balkans and south Caucasus. In the first stage, Romania will operationally support three countries: Moldova, Serbia, and Georgia. Development co-operation projects will also be implemented in Iraq and Afghanistan.

Romania initiated, starting in 1997, a series of tri-lateral sub-regional co-operations:

1. *Romania-Bulgaria-Turkey* (fields of co-operation: economy, politics, transportation and combating organised crime)
2. *Romania-Ukraine-Moldova* (fields of co-operation: security, transfer of Romania's expertise in the field of democracy and rule of law, cultural and humanitarian aid for Romanian communities, fight against illegal migration, human trafficking, drugs, terrorism and organised crime, support for Moldova and Ukraine for connecting to different co-operation organisations, new and modern cross-border points)
3. *Romania-Ukraine-Poland* (fields of co-operation: economy, politics, infrastructure, military co-operation, fight against organised crime, drugs and illegal migration)
4. *Romania-Hungary-Serbia* (fields of co-operation: supporting Serbia's accession to EU and Euro-Atlantic structures)

Romania also supports, within the ENP, the aspirations of Eastern Europe members (Moldova, Ukraine, and states from south Caucasus) and expresses its engagement to support the EU-Moldova and EU-Ukraine ENP Action Plans, adopted in 2005. Romania made several recommendations to the European Commission's Paper regarding the strengthening of the ENP, especially for problems specific to the Black Sea Region.

### **Slovakia**

The *Mid-Term Strategy of Official Development Assistance for 2003-2008* defined 13 countries that are the principal focus of Slovakia's development assistance: Afghanistan, Albania, Bosnia-and-Herzegovina, Kazakhstan, Kenya, Kyrgyzstan, Macedonia, Mongolia, Mozambique, Serbia (& Montenegro), Sudan, Tajikistan, and Uzbekistan. Since 2006, Ukraine and Belarus have also been included in the list of the recipient countries of ODA (in 2004–2005 Slovakia offered OA to both countries).

Slovakia is trying to co-shape the ENP, mainly through the idea of strengthening the so-called “Eastern dimension” of EU external relations. Slovakia constantly emphasizes that Ukraine, Slovakia's largest neighbour, is one of its foreign policy priorities and that Slovakia supports its pro-European aspirations. Slovakia adopted a government-level document as a complement to the EU-Ukraine Action Plan that set out concrete measures in the area of socio-economic reforms in Ukraine. Although Belarus is not included in the ENP, Slovakia supports the activities of pro-democratic forces and civil society actors in Belarus.

In 2003, the Slovak government set up two special implementation units entrusted with administering Slovakia's development assistance: the Bratislava-Belgrade Fund (BBF) for implementation of projects in Serbia (& Montenegro), and the Slovak-UNDP Trust Fund, established by a joint memorandum with the UNDP, for implementation of projects in all other countries. The Slovak-UNDP Trust Fund has administered ODA projects in 12 countries as well as OA (Official Assistance) projects in Ukraine and Belarus. Both funds administered all of Slovakia's ODA and OA projects between 2004 and 2006. Overall, Slovakia allocated SKK 481.1m (€ 13.9m) to ODA provided via the Ministry of Foreign Affairs in 2004-2006. BBF supported 65 projects in Serbia and Montenegro, and the Slovak-UNDP Trust Fund supported 94 projects in other recipient countries.

Economic co-operation (trade turnover) of Slovakia with countries included into ENP is growing, but rather insignificant (apart from Ukraine) in terms of its share of trade.

### **Slovenia**

Slovenia has signed agreements on development co-operation with the following countries: Bosnia-and-Herzegovina, Serbia & Montenegro (after the separation of Montenegro, the agreement is formally valid with Serbia), Macedonia, Albania, and Moldova. An agreement on development co-operation with Ukraine is expected to be ratified in December 2007.

Slovenia gives priorities to key issues of mutual interest with countries taking part in the ENP. Emphasis is given to strengthening trade and investment possibilities, to facilitating direct contacts on the personal level and legal short-term travel, strengthened co-operation in the area of energy, migration and international disputes conciliation.

National ministries and governmental bodies are implementing the ENP through the expressed governmental priorities to be active in South-East Europe and in the Mediterranean. Among others, the following institutions have been established by the Government:

- The Ministry of Foreign Relations established the Centre for European Perspective (CEP), whose main role is promoting European and Euro-Atlantic integration processes by drawing on the expertise of the Slovenian public and private sector and by engaging experts from across the EU. The geographical scope of CEP encompasses south-east Europe, the Middle East and the Mediterranean. The first priority for 2006-2008 is the Balkans region.
- The Ministry of Finance established the Centre of Excellence in Finance, whose role is to provide focused training and advisory support to government officials of participating countries involved in public finance management reforms.

## Agreements on Development Co-operation

### **Bulgaria**

Currently Bulgaria hasn't entered into any specifically targeted agreements on development co-operation, including agreements related to implementation of the New Member States' European Development Co-operation Policy.

### **Czech Republic**

The MFA has created a programme of foreign development co-operation for the period 2006-2010 for each priority country. These programme documents characterise the country and its economic, social and political situation, its relations with the Czech Republic (including economic relations and mutual agreements), and offer an overview of the country's own development policies. They also specify the geographical and sectoral priorities of Czech development co-operation and determine the principles of the programme management and evaluation.

The MFA also tries to conclude agreements of understanding with its counterparts in the priority countries. These agreements usually contain the declaration of a mutual will to co-operate on the implementation of Czech development aid in the country and allows the Czech experts to monitor and evaluate the development projects.

The agreements also contain detailed specification of geographical and sectoral priorities and cross-cutting issues of the development co-operation with the country, and the type of projects or activities that can be supported from the Czech development aid. To date, agreements have been concluded with Angola, Bosnia-and-Herzegovina, Yemen, Moldova and Vietnam.

### **Estonia**

Bilateral development co-operation focuses on four countries: Georgia, Moldova, Ukraine and Afghanistan.

### **Hungary**

Among Hungary's 16 priority countries, the MFA has IDC contracts with four countries: the Palestinian Authority (2004), Mongolia (2005), Vietnam (2005), and Ethiopia (2005). The first country strategy elaborated was that with Serbia (& Montenegro) in 2006. Both a DIDCESR official who asked not to be disclosed admitted, and the NGO association HAND declared, that the country strategy was not well designed<sup>(26)</sup>. A second country strategy for Bosnia-and-Herzegovina is under preparation in 2007, with much more prominent NGO involvement, and Vietnam's country strategy is also in the pipeline.

While no formal IDC agreement has been negotiated with Ukraine, there is one on the Protection of the Carpathians and Sustainable Development (2003), and a Border Region Development Concept has been elaborated on county-level. In Moldova, Hungary is carrying out negotiations in the fields of justice, legislation, administration and education within the framework of the EU-Moldova ENP Action Plan, besides executing 8-15 IDC projects per year.

In general, it can be said that no financial commitments are taken as to what development aid Hungary can provide bilaterally, since it is running on annual budget planning, and the convergence programme in force to correct the economic recession is taking priority.

Hungary has concluded economic agreements with eight countries: Serbia (& Montenegro), Bosnia-and-Herzegovina, Macedonia, Mongolia, Kyrgyzstan, Ukraine and Vietnam. A contract is under negotiation with Moldova, and an Economic and Trade Development Committee was established in 2006. It is not clear, however, which contracts serve uniquely development purposes rather than aiming at expanding Hungarian exports at the same time. DIDCESR confirms that both are important objectives.

### **Latvia**

Moldova is the only country that has signed a development co-operation agreement with Latvia (2006). There is also an agreement for assistance to border guards, as well as an agreement between Latvia, Sweden and Moldova for building the capacity of the Moldovan parliament in European integration and legislation harmonisation (2007). Economic relations between Latvia and Moldova are not significant. Only 0.18% of Latvia's exports went to Moldova and only 0.4% of all goods imported to Latvia were from Moldova in 2006. There are approximately 40 joint enterprises.

Latvia has an agreement with Georgia for assistance to border guards (signed in 2000), but no overall agreement for development co-operation has been signed. Economic relations are not significant (less than 0.1% of Latvia's exports went to Georgia, and only 0.03% of Latvia's imports came from Georgia in 2006).

Latvia also has an agreement with Ukraine for assistance to border guards (signed in 1995), and an agreement for co-operation in case of disasters (signed in 2006). Economic relations are more significant than in the case of Moldova and Georgia. Approximately 1.59% of Latvia's exports went to Ukraine, and approximately 1.11% of Latvia's imports came from Ukraine, in 2006. There are 335 joint enterprises.

### **Lithuania**

The Lithuanian-Belarusian Economic Co-operation Commission, as well as the Lithuanian-Ukrainian Intergovernmental Commission on Trade and Economic, Scientific and Technical Co-operation, was established. The Lithuanian-Belarusian Business Association was established in November 2004 and Lithuanian-Belarusian business forums have taken place each year since 2005.

In 2006, Lithuanian exports to Belarus amounted to almost LTL 1.5bn (€ 0.4bn), and exports to Ukraine totalled LTL 1bn (€ 0.3bn), which are respectively 3.9% and 2.6% of total Lithuanian exports. The volume of Lithuanian imports from Belarus and Ukraine were approximately LTL 0.9bn (EUR 0.27bn) and LTL 0.7bn (€ 0.2bn) respectively in 2006. Lithuania's trade relations with Belarus and

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<sup>26</sup> Source: researcher interviews

Ukraine are becoming more significant. However, Lithuanian trade with Moldova is less significant. In 2006, exports to Moldova amounted to LTL 42.44m (€ 12.29m) and its imports from Moldova in 2006 were LTL 18.11m (€ 5.24m).

By January 2007, Lithuanian direct investments in Belarus were LTL 36.9m (€ 10.7m), only 1.2% of total Lithuanian foreign direct investments. By 1 July 2006, the value of Lithuanian direct investments to Ukraine was LTL 286.6m (€ 83m).

### **Poland**

According to the Polish MFA, Poland incorporates the priorities of co-operation into a single strategy document with its respective partners instead of signing co-operation agreement.

### **Romania**

So far, Romania has not formalised any bilateral or trilateral agreements on assistance for development, yet it intends to undertake agreements with Moldova and Serbia in the near future. In line with the practice of other EU member states, Romania will finance assistance operations from the national budget, through the budget of the MFA. An exception to that rule will be the scholarship fund for foreign students, which will be managed by the Ministry for Education and Research. It is also a priority for the managing authority to establish partnerships with the private sector for financing projects in the field of development co-operation.

### **Slovakia**

Slovakia signed a *Memorandum on Understanding* with Serbia (& Montenegro) and, subsequently, the MFA elaborated the *Country Strategy Paper on Slovak Official Development Assistance to the State Union of Serbia and Montenegro*, in 2003. In 2007, Slovakia signed a separate agreement on ODA with Montenegro.

### **Slovenia**

Bilateral agreements on economic co-operation <sup>(27)</sup>: Albania (memorandum), Algeria (memorandum), Azerbaijan (memorandum), Belarus, Bosnia-and-Herzegovina, Brazil, Egypt, Philippines (memorandum), Georgia (memorandum), Croatia, India, Indonesia, Kazakhstan (memorandum), Macedonia, Malaysia (memorandum), Moldova (memorandum), Thailand, Turkey, Ukraine, Uzbekistan (memorandum), FRY (Yugoslavia).

Bilateral agreements on energy are usually part of agreements on economic co-operation.

Bilateral agreements on foreign investment protection: Albania, Bosnia-and-Herzegovina, Egypt, Croatia, Israel, China, Macedonia, Moldova, Thailand, Turkey, Ukraine, Uzbekistan, Yugoslavia (Serbia)

Bilateral agreements on cultural co-operation (focus to less developed countries): Turkey, Argentina, Israel, Mexico, Russia.

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<sup>(27)</sup> Due to EU bilateral agreements on economic co-operation, several (Slovenian) bilateral agreements are in transformation from agreement on governmental level to memorandum on ministerial level.

## **Conclusions and Recommendations for Implementation of European Development Co-operation Policy by the Selected NMS**

Not only are many of the NMS not on course to meet the target of 0.17% of GDP to be spent on ODA by 2010, but some, such as Hungary, may see ODA fall in line with overall budget cuts due to the need to bring down government debt. While some NMS do include ACP countries among their priority countries, and some intend to increase their focus on less developed countries, it is clear that the focus on their eastern neighbours, primarily the ENP countries, but also to some extent the western Balkans and Central Asia, will continue, in particular as the focus of bi- and trilateral development co-operation. There is a concern that the ENP and other external relations elements of the EU may - as implemented by bilateral development programmes of each member state - potentially marginalise permanently the focus on the least developed countries, particularly in the case of the smaller NMS.

On the one hand, the international horizons of the development co-operation priorities of the NMS need to broaden; on the other hand, the history of development co-operation supports the tendency in the NMS to set and implement bilateral policies based on their own comparative advantage and experience, in particular of the transition to democracy. The challenge the NMS face is to combine well-focused priorities, based on their distinct expertise, with meeting their responsibilities to support development in less-developed countries.

### ***Recommendation 1: Gather political and public support for increased ODA and an understanding of MDGs and development targets***

Given the remarkable economic achievements of the NMS, accomplished thanks to the implementation of the combination of the EU *acquis communautaire* and public administration reforms, the introduction of the rule of law, democracy and the free market, it is clear that the amount of their ODA could be higher. As a community of states based on values of democracy, constitutional liberalism, human rights and civil liberties, the EU should emphasize in the framework of its ENP unambiguously that a commitment to these values should improve conditions for relations between the countries included in the ENP and EU.

In a number of NMS, for instance Bulgaria, Romania and Estonia, there is a need to foster not only more public awareness of development co-operation priorities, but also greater co-ordination among relevant national stakeholders (especially NGOs) to formulate informed debate regarding national priorities related to development co-operation, as well as the EU's current and future policies in the field.

Political and public support for ODA could be enhanced by demonstrating actual outcomes of the assistance provided to the beneficiary countries.

Public awareness campaigns have begun, in particular in Poland, and finished (in particular in Lithuania), around development aid priorities, and the momentum needs to be sustained around the challenges addressed by the MDGs, in particular those thought to be most achievable by 2015, such as reductions in infant mortality and maternal mortality at childbirth, as well as the need to curb HIV/AIDS, malaria and other diseases.

### ***Recommendation 2: Build on existing comparative advantages in eastern dimension and work with partners to apply select expertise in less-developed countries***

The comparative advantage and expertise of the NMS should be built upon (by continuing to engage with, and learn from both the mistakes and successes of more experienced developed countries), and where appropriate applied outside the eastern ENP region. Likewise, the NMS would contribute better to the EDCP by engaging more closely in international co-operation fora, and working with more experienced development co-operation partners where they can bring complementary expertise. Many of the NMS plan merely to contribute to development co-operation towards the less-developed countries through contributions to the multilateral aid of international organisations, such as the World Bank, and through planned contributions to the EDF; over time, they should also identify opportunities in sub-Saharan Africa, where their comparative advantages or expertise can add value to development co-operation efforts.

Small donors, such as Estonia, need to opt for greater selectivity in targeting partners and sectors, and replace current projects - small in size, duration and outreach - by longer term programmes. At the same time, an increase in ODA levels is needed for the establishment of a framework for bilateral assistance.

### ***Recommendation 3: NMS should work to strengthen flexibility of EU towards eastern ENP neighbours***

At the same time, the NMS should continue to strengthen the efficacy of their efforts towards their eastern neighbours. The NMS should work together more proactively within the EU to ensure that the situation in particular countries included in the ENP is monitored in a more timely fashion, so that the EU can react with greater flexibility in its policy toward these countries in order not to be bound by formally approved (and partially obsolete) documents. The inclusion of the principle of flexibility in disbursing funds to react not only to humanitarian disasters but to the cases of deteriorating human rights and democratic reversals

(as in the Polish development assistance strategy) is particularly recommended. The (possible) EU membership perspective of the eastern ENP countries creates the basis for the special status of the “eastern dimension” within the ENP, highlighted so far by some NMS (in particular the Visegrad Four and the Baltic states).

***Recommendation 4: Work at EU level to secure support to strengthen civil society and expert capacity in NMS to transfer know-how to ENP and less developed countries***

The NMS should take an active role in securing more robust EU support for the efforts undertaken by the NMS, in particular through support for education institutes, professional training bodies, policy institutes and civil society organisations, in transferring to the eastern ENP countries their distinct and immediately relevant experience of democratisation, political modernisation and social and economic reform.

NGOs, research institutes, and other expert groups should be more actively and consistently involved not only in awareness-raising, but also in the national policy formulation in the area of development co-operation, and should be supported in their efforts to build specific capacities to cope with the challenges of development co-operation aid. NMS NGOs should be assisted more in order to build their capacities to develop their own knowledge-sharing projects for transfer of civil society expertise as a component of development co-operation. At the same time, in Lithuania, more projects could be shaped as top-level government initiatives rather than technical assistance implemented through open tenders (for instance, in the priority area of economic development and trade as well as in the priority countries of Belarus and Ukraine).

***Recommendation 5: NMS should strengthen co-ordination, both in their own ministries, between each other and with other EU member states***

The NMS need to become much more engaged in the co-ordination of international assistance priorities at the EU level, especially through bi- and trilateral consultations with neighbouring member states, and other member states with similar geographic priorities, in order to harmonise intervention and financial efforts in developing countries, and to maximise the impact of such operations.

As recommended by the OECD Development Aid Committee, the co-ordination of development co-operation within each government (its division between ten ministries in the case of the Czech Republic, for instance) would be more effective through a single implementation agency for the development aid and a stronger co-ordinating role in development co-operation for the respective Ministries of Foreign Affairs.

Even though Poland shares many objectives with other NMS, in its policy towards the eastern neighbourhood, assistance policies are planned, designed and implemented separately and independently. This may lead to duplication of efforts and decreased visibility and scale of the activities. The current activities need to be reviewed, and areas for potential synergies identified, especially in target countries where work is made difficult by an unfavourable political environment (Belarus).

***Recommendation 6: Set target date to untie aid***

NMS should also set target dates for untying the links between development aid and commercial contracts, since the early synergies of trade, investment and development co-operation cannot serve to promote good governance in the long term. Tied aid neither promotes good governance nor efficient allocation of resources, and does not contribute to the goals of development co-operation.

***Recommendation 7: Make good governance a priority in NMS contribution to EDCP***

The NMS should assess by 2010, when they are due to bring the share of ODA up to 0.17% of GDP, both their modes of co-operation, and the record of their focus on democracy-exporting to their eastern neighbours, and identify a core set of sectoral priorities based on their individual or joint expertise. On this basis, a group of older member states should work together with the NMS to draw the lessons of their respective development co-operation policies and implementation of projects - to identify potential improvements and synergies.

It is planned that Latvia will hold the EU presidency in 2015, the target year for attainment of the MDGs, after which an evaluation of existing and future commitments will be essential. This is an opportunity for the NMS to contribute to the understanding of development co-operation as not only fighting malaria in Africa but also improving good governance via more “soft power” activities, including, but not only, in the neighbouring countries (ENP regions).



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Policy Association for an Open Society

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**A network of policy centres in Central  
and Eastern Europe and Central Asia**

PASOS (Policy Association for an Open Society)  
Těšnov 3, 110 00 Praha 1, Czech Republic

**[www.pasos.org](http://www.pasos.org)**