

2007
2005-2007
2000



Three-Year Programme

on Austrian Development Policy
2005–2007

Revised version 2005

Austrian Ministry

for Foreign Affairs



Three-Year Programme on Austrian Development Policy 2005 to 2007
Revised version 2005
(pursuant to §23 Development Cooperation Act 2002 as amended:
Federal Law Gazette. I No. 65/2003)

Presented to the Council of Ministers on 15 November 2005 for approval.

Written and published by

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I. Recent trends and challenges in development policy

The Millennium Development Goals (MDGs) provide the framework for the development policies of Austria and the international community, in the same way that the decisions in Rio de Janeiro and Johannesburg define the objectives for sustainable development in general. In spite of the increase in State development funding following Monterrey, it is already evident that the international community will face a great challenge if it is to meet the MDGs. This conclusion was also confirmed at the high-level meeting during the United Nations General Assembly in September 2005.

On 21 March 2005, United Nations Secretary-General Kofi Annan presented his report entitled "In Larger Freedom", which continued the discussion on greater responsibility by the partner countries. The Organisation for Economic Co-operation and Development (OECD) and the European Union (EU) are also committed to greater policy coherence and to harmonisation of development cooperation by the Northern donor countries.

Finally, also under the heading of "coherence", certain aspects of the global situation will become more relevant – be it the conclusion of the World Trade Organization (WTO) Doha Development Round, an update of the debt relief issue, or the role of international financial institutions (IFIs).

At the start of the year 2005, Austrian Development Cooperation (ADC) faced a completely novel situation following a substantial increase in the Foreign Ministry's budget for bilateral development cooperation in 2004 of almost 40 per cent to 30 million euros (including 4 million euros for voluntary multilateral contributions). The establishment of the Austrian Development Agency (ADA) in 2004 to implement ADC projects was an important structural measure. By decision of the European Council in June 2005, all Member States whose official development assistance (ODA) quota is still below 0.51 per cent of the gross national income (GNI) – and this includes Austria – undertook to achieve this level within their national budgets by the year 2010. They further undertook to raise the level to 0.7 per cent by the year 2015.

In spite of the increased funding, discussions at the international (and particularly internal EU) level do not envisage an enlargement of the list of partner countries but rather a greater geographical and sectoral focus. This means that a number of programmes will have to be gradually wound down or continued in the form of regional cooperation. In return, increased funding will be provided in certain countries and sectors and in interdisciplinary areas such as human rights with a view in particular to achieving a significance threshold.

One of the main focuses of ADC will be the countries of the South and in particular – in line with the efforts of the international community – the least developed countries (LDCs). In these countries in particular further concentration will help achieve active participation in political dialogue and the inclusion of issues such as good governance, respect for human rights and conflict prevention. Greater attention will be paid in this context to the setting up of suitable institutions in the partner countries, particularly at the provincial and district level, as this is an important prerequisite for the successful implementation of development programmes. ADC will present coordinated strategy papers on these subjects as the basis for sectoral and thematic Austrian development policy decisions. Papers will be drafted initially on human rights (including the rights of disabled persons and children), good governance (including the rule of law and decentralisation), conflict prevention and safeguarding peace, coherence, harmonisation and alignment with partner countries. In line with ongoing international discussions, the issue of energy for sustainable development is currently being considered and involves the coordination of bilateral, regional and multilateral activities. The key sectors of water and rural development are based on existing sectoral programmes. The strategies, policies and sectoral programmes are subordinate to the overriding aim of ADC, which is to reduce poverty.

In view of the political significance for Austria of the countries of South-Eastern Europe, an above-average increase in funding for these countries is envisaged. Preference will be given to programmes and projects that help to develop the employment market. It is assumed that rapprochement with the EU desired by these countries will gradually lead to other forms of economic cooperation.

In the medium term it is also hoped that greater flexibility in the use of resources will permit Austrian intervention for a strictly limited time and with a clearly defined mandate in major (political, economic and

humanitarian) crises in non-partner countries. Such intervention can occur only in close coordination with the donor community and together with other donor countries and international organisations willing to act.

These endeavours to achieve greater concentration and flexibility are also in line with ongoing international discussion on coordination, concentration and harmonisation based, among other things, on the observation that in a large number of cases too many donor countries and too many non-governmental organisations (NGOs) are involved in too many sectors and too many uncoordinated projects.

Austria will also have to increasingly address the question of financing larger global activities such as combating HIV/AIDS. The financing of global public goods and their relationship to ADC will also have to be considered in the future.

The theme of “private sector and development” is currently being built up with a view to achieving a diversification of instruments in line with the present-day economic framework. Financing of this sector will be provided to a large extent within the existing country programmes.

In all areas, the aim will be to fit individual ADC activities into the existing framework. The EU will play a central role in this respect.

The future financing of ADC and the Austrian ODA contributions will be guided initially by the decisions taken in Monterrey and Barcelona. On this basis, Austria will not only achieve a level of 0.33 per cent of its GNI in 2006 but should also, according to forecast scenarios, exceed it with a total ODA contribution of 0.45 per cent in 2005 and 0.43 per cent in 2006. This will translate into a substantial boost to funds for Austrian development cooperation. The use to which these additional funds will be put will be the subject of intensive discussions and negotiations.

II. Legal framework and structures of Austria's Official Development Assistance

The legal framework for ADC is provided by the Development Cooperation Act (DCA) passed in 2002 and amended in 2003, Legal Gazette I No. 49/2002, in which the goals of poverty reduction, safeguarding peace and human security and preserving the environment are specifically mentioned. In addition, the Act details a number of principles – responsibility of the partner countries for their development approach, respect for cultural variety and gender equality – designed to safeguard the sustainability of development policy measures. The DCA also contains regulations for the processing of programmes, the award of contracts and applications for funding. Finally, the status and role of development organisations and information requirements in Austria are legally defined and the main administrative procedures set forth.

Apart from the Federal Ministry for Foreign Affairs, funds recognised as official development assistance are also managed by the Federal Ministry of Finance, the Federal Ministry of Social Security, Generations and Consumer Protection, the Federal Ministry of the Interior, the Federal Ministry of Education, Science and Culture, other ministries and public bodies, as well as the federal provinces and municipalities. To ensure that the measures funded by these resources are managed with the greatest possible efficiency and with advantage being taken of any synergistic potential, the DCA specifies that the State should take account of the goals and

principles of the development policy in all areas that affect developing countries. The Act also states that all development activities provided by the State should be in line with the goals and principles of the development policy and designed in accordance with the guidelines determined in the Three-Year Programme on Austrian Development Policy (coherence). The Federal Minister for Foreign Affairs is responsible for coordinating international development policy.

The amendment to the DCA of July 2003 provided the legal basis for the establishment of the Austrian Development Agency (ADA). This State-owned non-profit public limited company is the operative arm of ADC and in 1 January 2004 took over responsibility from Department VII of the Federal Ministry for Foreign Affairs for the implementation of all bilateral programmes and projects, including multi-bilateral cooperation projects. The practical implementation remains in the hands of the project executing organisations, who are either contracted by the partner government or selected and supported by the ADA by way of public contracts or funding arrangements.

The Department of Development Cooperation and Cooperation with Eastern Europe in the Federal Ministry for Foreign Affairs has been given greater responsibility for the formulation and control of development policy positions and the strategic framework. Through this division of labour with the ADA, the Foreign Ministry can more effectively manage the overall coordination of State development policy activities both within Austria and in an international environment.

The DCA provides for the establishment of an Advisory Board on Development Policy within the Foreign Ministry to advise the Foreign Minister. This Committee is made up of internationally recognised experts in development policy and met, in its current formation, for the first time in 2000. It is convened at least twice a year and is chaired by the Foreign Minister.

III. International framework

The Millennium Declaration adopted by 189 Member States at the United Nations Millennium Summit in the year 2000 provides the international community with a guideline document for control of political and in particular development policy cooperation. The development goals contained in the Declaration (see box page 8), derived for the most part from the final recommendations from earlier UN conferences and the OECD's Development Assistance Committee (DAC) strategy "Shaping the 21st Century" are quantified (each goal also has a series of indicators) and should be implemented by 2015. It is perhaps worth pointing out that the internationally agreed population policy goals are not mentioned in the Millennium Declaration, nor is the significance of energy policy for reducing poverty and the achievement of the other development goals. As a further weakness, the financial requirements for achieving the goals were not addressed before the Millennium Declaration was adopted.

The Millennium Development Goals (MDGs) have a country focus and can be achieved only following appropriate reorientation of national strategies, which also calls for a significant effort on the part of poor countries. In very few instances is the contribution of international donors at both the bilateral and multilateral levels likely to be decisive. Moreover, the development policy activities in the narrow sense will have to be accompanied by far-

reaching changes in financial and trade policies if the goals are to be attained.

The adoption of the Millennium Declaration has brought about a number of changes in bilateral and multilateral development cooperation. For one thing, the work of the United Nations and international financial institutions is now focused on the MDGs. The UN country teams are required to adapt the UN programming instruments (Common Country Assessments – CCAs, United Nations Development Assistance Frameworks – UNDAFs) accordingly and to work with the partner institutions on national strategies to achieve the MDGs. These MDGs are also integrated into Poverty Reduction Strategy Papers (PRSPs) and steering committees in the operational UN organisations take account of the MDGs in their medium-term planning and programme priorities. The publication of the Human Development Report by the United Nations Development Programme (UNDP) in 2003 has also fuelled the MDG discussion. Various regional reports (on human development) have already unmistakably revealed weaknesses in existing strategies and policies that will make it practically impossible for the MDGs to be achieved in time in major regions such as southern Africa.

At a second level, there is also the Millennium Project, a large-scale analysis and policy review headed by Professor Jeffrey Sachs (formerly Harvard, now

Columbia University). It is organised in 10 working groups in which top experts formulate recommendations on ways to implement the individual MDGs. This involves not only calculating the additional financial requirements but also the question of strategic reorientation. On 21 March 2003, UN Secretary-General Kofi Annan presented his report "In Larger Freedom", which contained commitments for both donor and partner countries.

The third focus, the Millennium Campaign as it is called, under the direction of the former Dutch Development Minister Eveline Herfkens, is attempting to mobilise the additional financial resources required through public relations work and awareness-raising, particularly in industrialised countries.

A high-level meeting during the UN General Assembly in September 2005 undertook a five-year review of the progress made in attaining the MDGs and provided new political stimulus. In connection with this review, both the EU committees and the DAC are working on joint criteria for reporting by donor countries on the allowance made for MDGs in their development cooperation and are considering joint positions to follow up the high-level meeting.

A further important element in the international framework for development cooperation is the decisions of the International Conference on Financing for Development, which took place in Monterrey, Mexico, in March 2002. The Monterrey Consensus shows the connections between national and international

orientations in various policy areas, such as trade, investment and financial markets, on the one hand and development policy in the narrow sense on the other, and calls for greater policy coherence. Detailed recommendations on the design of development-related policies followed a few months later at the World Summit on Sustainable Development in Johannesburg, South Africa, in September 2002.

The EU was the main driving force in both Monterrey and Johannesburg. It also agreed in Monterrey to a substantial increase in development cooperation funding to 0.39 per cent on average of the GNI by 2006. Austria is meeting its commitments according to the decisions adopted in Monterrey and Barcelona and is forecast to achieve an overall ODA contribution in 2006 of 0.43 per cent of the GNI. The EU is also working on an extensive harmonisation agenda in implementation of the Barcelona decisions, which should result in the simplification and standardisation of the administrative and financial procedures in the project cycle and hence in a reduction in the transaction costs for donors and partners. It is also working towards a thematic and geographical consolidation of the EU's development cooperation. Since all UN organisations are working in parallel on a process of simplification and harmonisation as part of the Triennial Policy Review mandated by the General Assembly, and the four funds and programmes directly answerable to the Secretary-General are already being transformed into joint project cycles, a corresponding exchange of information with the UN bodies (United Nations Development Group – UNDG) is needed.

The international harmonisation agenda will also require streamlining of the existing administrative procedures in Austria. At the same time it offers the opportunity for further thematic and geographical concentration. In addition, dialogue will be stepped up between the Ministry for Foreign Affairs, which is in charge of bilateral development cooperation, and the departments responsible for other aspects of the coherence agenda policies (such as trade and investment, climate, agriculture, international finance architecture and debt relief).

UN goals

UNITED NATIONS MILLENNIUM DEVELOPMENT GOALS*

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

* See Annex 4 for the Millennium Development Goal requirements and indicators

IV. Reducing poverty

The reduction of poverty has been one of the main challenges since the start of worldwide development cooperation.

As a phenomenon, poverty occurs in very different forms in different locations and it is therefore unwise to hastily label population groups – on the basis of a low discernible income level, for example. There are nevertheless classes of people throughout the world who are affected, usually to a substantial degree, by several dimensions of poverty. These include indigenous population groups, minorities and marginal groups (who are excluded for social, but also economic and/or political reasons), refugees and displaced persons, disabled persons and HIV/AIDS victims. Women and children, particularly elderly widows, households without outside support headed by a woman or minor, and street children are particularly at risk.

Today, around 70 per cent of the poorest people on the planet live in rural areas and are dependent on agriculture. In general, the level of poverty is directly proportional to the remoteness of these people from centres and markets. The seemingly obvious solution of migration to urban regions will fail as long as it results solely in an increase in the number of permanently unemployed and as long as the maintenance of a reliable food supply is not ensured.

Shortly before the new millennium started, international development policy began to focus more on the subject of poverty

reduction as an essential aspect of its mandate.

Apart from qualitative and quantitative improvements in international development cooperation, the spotlight needs to be directed specifically on those population groups that have not profited greatly if at all in the past from the “development” phenomenon. Greater attention should be paid to the needs and interests of people regarded as particularly needy according to national and international indicators (e.g. per capita income of less than one dollar per day or other Millennium Goal indicators). This applies to about half the population of sub-Saharan Africa and more than a third in Southern Asia.

For many years now poverty reduction has been a central focus of Austrian commitment and an interdisciplinary task. For the purpose of effective programme and project assistance, this fundamental orientation has been consolidated into a five-point package for presentation to the OECD/DAC:

- Some of the poorest countries have been selected as preferred partner countries;
- Within these countries priority is given to particularly needy regions, provinces and districts;
- Support for decentralisation processes in the partner countries is provided through a greater focus on co-determination, responsibility and suitable forms of self-

help by poor population groups at the local level;

- Priority is being given to sectors in which measures will have a direct impact on the poor;
- Special attention is being paid to particularly disadvantaged population groups (especially women and children).

The Poverty Reduction Strategy Papers (PRSPs) are of particular importance in reducing poverty. These centralised planning documents and development strategies by the partner countries ensure that the Austrian development programmes are harmonised and aligned to the development policy concepts of the partner country in question with the greatest possible involvement of the affected population groups.

This approach will be maintained in the coming years with particular emphasis on the following aspects.

1. Intensification of mainstreaming within the ADC process

The DAC guidelines for poverty reduction mean in principle that the goal of poverty reduction must be taken into account in all activities and at all organisational levels. The poverty reduction potential of all programmes and projects should be systematically checked at all selection and approval stages.

2. Documentation, analysis and use of data as decision-making aids

Considerable efforts have been undertaken in recent years at the international level, not only by numerous developing countries, but also by multilateral and bilateral partners to obtain a better understanding of the "poverty" phenomenon through the collection and evaluation of data and in this way to make more effective operational use of the cooperation. Alongside the national development goals, this management, distribution and use of knowledge and

experience also forms a generally recognised framework and yardstick for the strategic and operational aspects of development cooperation through the definition of country programmes and strategies with a view to reducing poverty. This work also helps to better coordinate international cooperation in the whole process of policymaking, planning, decision-making, implementation and evaluation of measures. Apart from a transparent description of the basis and results of cooperation, this approach also calls for greater involvement in the monitoring of the Millennium Goals and relevant indicators and representative poverty assessments.

3. Review of all country strategies and sector policies

In order to improve transparency and intervention logic, ADC will review all programmes with a view to elaborating more suitable formats and also so as to take greater account of modern forms of cooperation (such as the sector-wide approach (SWAP) or multi-donor initiatives).

4. Changes in work organisation and procedures

Although repeatedly recognised in the past as an essential prerequisite for improved cooperation, a holistic approach and method of working is still relatively rare in development cooperation. Poverty is a multidimensional problem calling for coordinated activities in numerous areas and allowance for different aspects. It requires comprehensive and holistic strategies to confront the various dimensions of this problem beyond the limits of the individual sectors, regions and social groups. In this context, ADC recommends greater use of multidisciplinary teams for the work in the field and appropriate organisational instruments such as knowledge networks for the exchange of information and experience.

V. Conflict prevention and safeguarding peace

Safeguarding peace and human safety is one of the main goals of ADC. This is all the more relevant given the fact that there has been an increase in the number of conflicts of a new type since 1989. Scarcely any of the ADC partner countries can be considered completely conflict-free. This calls for a paradigm shift in the approach to ADC. Whereas in the past the eruption of a conflict almost automatically entailed the suspension of development cooperation, attempts are made today to maintain the continuity of ADC, adapted of course to the available possibilities. **Conflict analysis** has been introduced as an ADC programme instrument; this means that every country programme must contain an analysis of the existence of or potential for conflicts and every project is viewed in terms of its conflict sensitivity. Since the donor countries are endeavouring increasingly to develop coherent **whole-of-government approaches** to the partner countries – in other words to harmonise political, economic, development policy, but also military aspects – ADC also holds consultations with Austrian security authorities.

The basis for conflict-related ADC intervention is an **expanded and multidimensional security concept**, which includes a comprehensive view of human security and hence political, legal, economic, social and environmental and military security. The goal of poverty reduction is also relevant in this context since threats and conflicts are contributory causes of poverty.

Conversely, in many cases the reduction of poverty also brings about an increase in human security. The close link between human rights and human security will be discussed in the next chapter.

Modern **effects** of armed conflicts are not generally limited to the destruction of the infrastructure and the emergence of refugees and internally displaced persons (IDPs); conflicts are also detrimental to good governance, democratisation processes and the safeguarding of human rights. In many cases, social services are drastically cut, the country's indebtedness increases, private sector investments are lost and regional integration stagnates or comes undone. ADC attempts to counter these effects.

The priority aim of ADC in terms of safeguarding peace and conflict settlement is to increase human security by helping to stabilise peaceful development and resolving conflicts. In its **interventions**, ADC distinguishes between conflict prevention (e.g. West Africa), conflict management (e.g. Burundi) and post-conflict work (e.g. Mozambique).

Conflict prevention concentrates in particular on supporting reforms in the security sector, fostering political stabilisation processes through democratisation, good governance and respect for human rights and providing assistance in regional integration. At this level of intervention in particular, it is a question not only of implementing projects

but also of participating in political dialogue with the partner country.

In the **conflict phase**, ADC offers a consolidated package of humanitarian and mediation measures as well as intervention at the political level. Of importance in this respect is the involvement of all parties to the conflict. The EU Member States tend increasingly to coordinate their activities and act accordingly, with long-term development goals remaining as guidelines. Equal treatment, justice, and an end to immunity and all exclusion policies are prerequisites for lasting conflict resolution. Peace enforcement can be necessary to save human lives, with political responsibility being borne by Austria within an international framework if the case arises.

In the **post-conflict phase**, the emphasis is usually of necessity on the reconstruction of the living space and social infrastructure, but ADC already endeavours at this stage to prevent conflicts from flaring up again. This is accomplished by reducing poverty and inequalities, the greatest possible involvement of marginal groups in the relevant social processes, the establishment of equal treatment and justice, demobilisation and integration of troops and armed units, economic growth, the development of the structures of good governance, democratisation and regional

integration, and the fostering of an integrative attitude.

In all cases, Austria operates in harmony with the EU and supports the involvement of regional organisations such as the African Union (AU), Southern African Development Community (SADC) and Economic Community of West African States (ECOWAS). Assistance in training and guiding public officials is important in this respect.

Great attention is paid to the problem of children in armed conflicts. In all intervention phases attempts should be made to prevent their recruitment or to work towards their liberation, demobilisation, psychosocial support, education and reintegration.

Peacekeeping operations by regional organisations or the UN are supported but not financed from the ADC budget and can be counted towards ODA only to a limited extent.

Prerequisites for the involvement of Austria in peacekeeping activities are the willingness to engage in a long-term commitment, the whole-of-government approach, detailed conflict analysis and – as a minimum requirement – the principle of “do no harm”.

VI. Human rights and human security

These days, the connection between respect for human rights and fundamental freedoms and sustainable development is undisputed and evident. In 1993, the final document of the World Conference on Human Rights in Vienna already stated:

“Democracy, development and respect for human rights and fundamental freedoms are interdependent and mutually reinforcing.”

As a result, greater allowance needs to be given to human rights in the elaboration and implementation of development activities; moreover, the promotion of human rights and human security must be included as parameters of modern development policy. This is in line with similar endeavours in the UN (Action Plan for a Human Rights Based Approach) and the EU (Communication from the Commission on Governance and Development). The treatment of human rights as an interdisciplinary aspect of ADC is also closely connected with poverty reduction and makes an important contribution to the attainment of the MDGs.

The fields of **human rights** and **human security** (HR/HS) are particular focuses of Austrian foreign policy and are enshrined in the Development Cooperation Act. There is therefore great potential for effective cooperation between foreign and development policy. In this area, Austria has recognised expertise based on its years of

experience in human rights and in strengthening the rule of law, its active involvement in the concept of human security (including active membership of the Human Security Network), traditional strengths in safeguarding peace and conflict settlement and a high profile in the dialogue between cultures and religions.

Whereas human rights are based on the relevant international, regional and national legal instruments and set the rights of individuals against the specific responsibilities of the authorities – usually the government – the concept of human security primarily addresses threats to life, security and well-being of the individual. Within the Three-Year Programme, however, the general heading of “human rights and human security” also includes important aspects such as the promotion of democracy, participation, the rule of law and responsible governance.

Points of emphasis in the approach to human rights and the concept of human security include protection and assistance for often disadvantaged and particularly vulnerable groups within a society such as **women and children, people in extreme poverty, members of minorities, people with disabilities, indigenous populations and displaced persons**. In these instances, ADC needs to bear in mind that these marginalised groups are (at least) equally entitled to development measures and must not be unfairly disadvantaged. This also includes promotion of their participation in

domestic decision-making processes and the development process as a whole.

Within the framework of its bilateral and multilateral ADC, Austria will continue in coming years to help strengthen human rights and human security by means of a variety of measures:

- Targeted HR/HS programmes and projects, which can be planned and implemented alone or together with other bilateral or multilateral donors;
- General review of all ADC programmes and projects to verify their HR/HS compatibility (mainstreaming);
- Capacity and policy development in partner countries and international organisations: support for the establishment and development of capacities and consolidation of human rights and human security policies in the partner countries and in multilateral organisations;
- Development of own capacities: Austrian expertise in these areas needs to be further developed and made more available to international partners.

As a logical consequence of the ADC focuses, certain aspects of the HR/HS field will also be prioritised, building on earlier ADC activities and traditional focuses of

Austrian human rights policies. Among these priorities are:

- Human rights education
- Protection of children in armed conflicts
- Empowerment of women
- Administration of justice and the rule of law
- Minorities and IDPs

Sustainable development and the attainment of the MDGs are realistic only if human rights and democratic principles are respected and the internal and external stability of societies consolidated. This also entails interaction with other instruments serving these goals such as political dialogue, peacekeeping operations, observation missions, mediation activities and international forums. The coordination of Austria's efforts in the bilateral and multilateral framework is of eminent importance. ADC will also strive for greater consideration of human rights and human security with other actors in Austria and within the framework of the EU, OECD and UN.

ADC will also seek close cooperation in the HR/HS field with **civil society** and particularly with NGOs and academic institutions active in these areas.

VII. Quality assurance through efficient partnership: the ownership principle

The development of the countries of the South and East calls for strong State and non-State actors who pursue the desired development goals together with like-minded partners at the bilateral and multilateral levels. ADC has various means and instruments at its disposal for this purpose. A lasting change for the better (often called “sustainability”) can be achieved only if the partner countries themselves develop responsibility – ownership – for development programmes and projects.

Bilateral cooperation and partner relations

Austria has long worked in bilateral technical cooperation with institutions in the partner countries that value the provision of knowledge and expertise based on the ADC principles. In the light of the need for sustainability, encouragement is given to programmes and projects that attach particular importance to the development of institutional competencies and capacities. Austria supports its partner countries in the elaboration and implementation of suitable policies and strategies (e.g. water and waste water, good governance and justice reform or food and basic social services). ADC is traditionally active in decentralised areas as well, since the strengthening of decentralised and local development programmes promotes democratic processes, ensures better services and encourages sustainable utilisation of

resources – all of which are important prerequisites for the success of poverty-reducing ADC programmes.

At the multilateral level, Austria is committed to supporting the interests of its partner countries. This also includes collaboration in the establishment of the international framework to foster action by the partners on their own responsibility.

Austria’s development cooperation partners need to determine and shape their future themselves. ADC is therefore required to be mindful of the cultural, social and political situation in the partner countries.

The administration of cooperation programmes should not result in the emergence of parallel structures; by contrast, direct influence should be withdrawn from the shaping and implementation of the specific programmes. This also involves stronger emphasis on political dialogue, and the harmonisation, coordination and regular and joint review of the attainment of goals.

Partnership is therefore increasingly equated with greater acceptance and better understanding of the ownership principle. It is conditional on working relations based on mutual trust and includes recognition of the needs of the partners and the dismantling of parallel structures, the elaboration of joint strategic goals and allowance for existing implementation capacities.

Autonomy and ownership require clear criteria

ADC requires criteria for autonomy and ownership by the partner countries and organisations that also safeguard observance of the subsidiarity principle. These criteria include:

- **Responsibility** by the partners for the determination of thematic and regional focuses (PRSPs)
- **Concordance and harmonisation** with the interventions of other donors
- **New forms and instruments** for cooperation (basket funding, SWAPs or budget financing)
- **Holistic and systematic approach** to cooperation
- **Thematic focuses by the Federal Ministry for Foreign Affairs** defining types of cooperation. These focuses are systematically linked to the ADA's operational activities. The attention in

some thematic areas is on the policy level (e.g. budget financing in good governance, HIV/AIDS) and in other areas on technical assistance (e.g. training, development of institutions in partner organisations)

- **Capacity building** as the key to the assumption of greater responsibility
- **Country and regional programmes** that define the medium- and long-term planning of cooperation with partners, even if these programmes are based increasingly on the contents of PRSPs, EU country strategy programmes and other strategy papers

The coordination offices play a key role in ADC, but they must have the necessary resources and independence to be able to plan and make decisions and collaborate actively in the donor coordination and development policy dialogue. This requirement is all the more important in the case of programmes extending beyond a single country and project.

VIII. Thematic focus: Austrian priority sectors

Thematic focuses are discussed at various levels, international discourse within the DAC/OECD, multilateral organisations and above all the EU providing an orientation. The selection of thematic focuses is an essential component of the bilateral dialogue with partner countries for the purpose of elaborating programmes and specific cooperation measures. A professional service offered by ADC to solve identified problems in a partner country demands not only financial and material resources but also quality assurance. This involves ongoing consideration of technical questions, dialogue with partners, coordination with other donors, the development of human resources, verification of the cooperation instruments, and periodic evaluations and assessments of the achievements. In the interests of efficiency, and for capacity reasons, Austria will pursue a limited number of long-term thematic focuses. These must meet the following **criteria**.

1. Relevance to the goals and principles of Austrian development policy

The thematic focuses contribute to meeting the goals and principles of the Development Cooperation Act and are in line with the MDGs. The themes are in line with trends or with the outcome of international discussion in the EU, DAC, IFIs or UN.

Austrian expertise is linked with that of the international donor community and is incorporated in the political dialogue in committees and working groups in the EU, DAC/OECD and other specialist organisations. A clearly defined sector policy is the basis for discussion of development policy.

2. Relevance for development in partner countries

The thematic focuses are a component of the strategy in the developing country, in particular its poverty reduction strategy (PRSPs). The services offered by Austria are aligned with the needs of clearly defined target groups. Increased relevance is achieved through consideration of the (sector) development policy of the partner country.

The cooperation programmes are not implemented in isolation but are programmed and elaborated within a defined context, with the partners assuming as much responsibility as possible.

3. Coordination with Austrian cooperation potential

Experience from earlier cooperation with partner countries is used and backed by professional evaluations of Austrian measures. Themes that are better dealt with

by the EU and other multilateral institutions should be managed by them, particularly

- if political considerations make it appropriate to cooperate with the international community (conflict management, for example);
- if the problem to be solved is too extensive for a small donor like Austria (primary school education, for example).

Austrian involvement is useful particularly when it is complementary to efforts by the partner country or international cooperation (niche policy). In the interests of concentration by ADC, selected themes should have a significant critical mass (financing, know-how, professional consultancy capacity).

Austrian cooperation potential (civil society, NGOs, businesses, consultancy, established networks) has been identified and its further development is desired. This is connected with visibility and awareness of Austria's contribution both domestically and abroad. Austrian expertise meets the quality standards of international cooperation and is systematically promoted.

4. Austrian contributions are provided in cooperation with partners and others

Synergies between different thematic approaches and instruments for cooperation with Austria or other donors are used. The steady expansion of experience in ongoing

programmes and projects is measured by the Federal Ministry for Foreign Affairs Department VII and ADA by means of assessments, evaluations, knowledge management and conceptual development.

On the basis of the experience in the last 15 years, comparative advantages for ADC have been discerned for the following themes:

- water and sanitation
- rural development
- energy
- business and employment, SME development
- education, training, science and research in the service of development
- democratisation, rule of law, human rights, good governance
- conflict prevention

Increased attention is to be paid in particular to rural development, for example through the design of projects for high-quality animal husbandry with a view to improving the living conditions of people in rural areas and hence to reducing poverty.

Gender and the environment are taken into account in all ADC projects and programmes by way of gender and environmental mainstreaming.

Digression: Water sector

Global situation and international requirements

The International Year of Freshwater in 2003 was designed to encourage long-term processes worldwide extending well beyond the year 2003. Awareness of the sustainable use of water resources must be raised not only at the international level, but also at the national, regional and local levels. The target for drinking water supply was clearly defined at the UN Millennium Summit in September 2000: according to the MDGs, the number of people with no access to clean water needs to be halved by the year 2015. At the World Summit in Johannesburg in 2002 it was decided that the number of people with no access to sanitary facilities was also to be halved by the year 2015.

The UN Commission on Sustainable Development (CSD) devoted particular attention in 2004 and 2005 to the water sector.

Water and ADC

The sector evaluation in 2003 was a decisive event for the ADC water sector and will determine its development in the years 2005 to 2007. The evaluation was designed to analyse the programming, application and implementation aspects of the sector policy in the relevant programme regions and areas of work of ADC. It took a critical look at Austrian commitment and partner

relations at various levels and with different geographical focuses and resulted in a number of conclusions and suggestions.

The sector evaluation was generally positive. The various criticisms have given rise to suggestions for improvement:

- Consequences for a new sectoral policy and programme development: greater coherence between ADC South and ADC East and co-financing and multilateral cooperation, increased political dialogue and donor coordination, sectoral concentration, concrete gender mainstreaming, awareness raising of possible use conflicts, etc.
- Consequences for the country sector and regional programmes: greater capacity building, positioning in SWAP and support of institutional reform, etc.
- Consequences for the management and organisation of ADC: definition of roles in ADC, development of knowledge management, development of personal and institutional capacities, etc.
- Proposals for development of methods: evaluation of innovative experience from ongoing programmes and projects to be further developed.

The sector policy and its instruments are being revised as a response to the criticisms and specific recommendations from the evaluation. To improve coordination between the political and operative decision-making levels, ongoing discussion of sectoral

activities in the form of an annual sector-specific review is planned.

The water sector continues to focus on water supply and sanitation, the basic concept consisting of a regional approach and strengthening of decentralised units with a balanced mixture of infrastructure, management and resource management and the mobilisation of users. The small-scale settlement development in Austria and the considerable experience in the development of reliable decentralised settlement water management make Austria an interesting partner in this sector.

The implementation of this ambitious objective calls for greater coordination of all levels of ADC activity, however. Sector programming in general and in the partner countries in particular must be strengthened so as to move from a project approach to a sector-wide approach. For this purpose, the sectors need to be linked more effectively with more involvement of applied research in the partner countries so that greater use can be made of local forces.

Bilateral-multilateral activities

To make bilateral activities in the water sector more effective and efficient, greater cooperation with the EU water initiative and the World Bank Water & Sanitation Programme (WSP) is envisaged. A key aspect of the initiatives is improved reciprocal harmonisation and alignment of national development cooperation programmes by EU Member States and the EU Commission, international NGOs and also the recipient countries. The World Bank WSP offers a comparative advantage for ADC as a small donor by paying particular attention to scaling up and political dialogue.

Examples from the water sector

The regional programmes and projects have been further developed and adapted to new problems in the region. In Uganda (South Western Towns Water Sanitation – SWTWS) the first phase with 20 small towns has been completed and the programme approved for a further 35. An umbrella association for the decentralised water supply companies is being developed in cooperation with the umbrella organisation of the Upper Austria water cooperatives.

In **Palestine** (Gaza Strip) a water treatment and distribution system has been put in place in spite of adverse political and military conditions. Further cooperation with the Palestinian Water Authority is currently being discussed and planned.

In **Kenya** the Masinga-Kitui water treatment system and pipeline has been commissioned and handed over. The regional programmes of the Kenya Water for Health Organisation are continuing.

In **Cape Verde** a new sectoral programme was developed this year and the corresponding projects continued.

In **Mozambique** the water sector has been integrated into the rural development sector so as to produce further synergies. Local institutions will be more closely involved in the next project phase.

Sanitation is still an underdeveloped area in the water sector of most partner countries and for this reason ADC has been concentrating on developing and implementing new concepts. Examples for long-term sanitation projects are to be found in Uganda and Mozambique. In the next few years, however, it should be possible to transform the experience to date with the assistance of partner countries into a more comprehensive instrument.

Digression: Private sector and development

Economic development is a basic prerequisite for long-term poverty reduction, since investments, including foreign direct investments, create new jobs, revenue and hence a stable basis for living. The DCA therefore includes the goal of strengthening economic development in the partner countries with the greater involvement of Austrian potential. Successful economic development is contingent on the participation of the private sector in industrial and developing countries. In the private sector and development sector, ADC seeks to improve the framework for business activities and hence facilitate new investments and business start-ups. The correction of structural, institutional and legal deficits in particular and improvements in training standards could increase the prospects for economic development. To make it easier for Austrian companies to invest in partner countries, available financing and economic instruments such as investment guarantees, export loans and start-up aids should be harnessed where possible to development cooperation.

In the area of private sector and development, ADC concentrates on three areas:

- Local economies need to be made more dynamic through the fostering of instruments for local businesses. This includes above all strategies and instruments for SME promotion, micro-finance institutions, etc.

- Austrian and European business should be more effectively mobilised and involved. This can be achieved through partnerships with ADC to achieve development policy goals such as know-how and technology transfer, the creation of jobs and revenue and positive structural and poverty-reducing effects. Building on the Private Business Partnership programme, the available instruments will be developed by broadening the scope and distinguishing between “business partnerships” (private-private) and “development partnerships” (public-private). This could also be combined with foreign trade promotion instruments, where this serves the development policy goals.

- The framework for private sector involvement in the form of start-ups, investments (including investment protection agreements) and joint ventures in ADC partner countries needs to be improved. Institutional and structural development, good governance and the rule of law, strengthening human capital and also the framework for world trade are of particular note here. This area can be addressed on the one hand at the level of multilateral political dialogue and donor coordination, and on the other hand through bilateral projects and greater Austrian involvement in programmes by multilateral financial institutions.

Organisation

In the interests of optimum coordination of all development policy instruments and the coherence requirement of the DCA, the inter-ministerial Private Sector and Development Platform was created two years ago. This Platform operates in three subgroups, supported substantively by the Federal Ministry for Foreign Affairs and substantively and administratively by ADA. In 2004, ADA set up a Private Sector and Development department, which is being further expanded. An ADA representative is located in Brussels to facilitate Austrian access to EU-financed programmes and networking with other European organisations and agencies. A desk for business and multilateral cooperation has also been set up to support and coordinate the involvement of Austrian businesses and development organisations in the programmes of multilateral organisations (e.g. EU, UN, IFIs, development banks) and the development of information networks.

Geographical and sectoral priorities

Coordination with the inter-ministerial Private Sector and Development Platform must first of all take account of international commitments to the UN, DAC, EU and other institutions concerning joint economic development measures in partner countries.

ADC private sector and development activities are concentrated primarily on ADC partner countries (see Chapter IX). Particular attention in ADC East will be paid to the countries of the Western Balkans.

The sectoral focuses in private sector and development are on the special requirements of the target countries, but also on Austria's comparative advantages (e.g. water and energy, environmental technology, tourism, rural development). Sectoral focuses should not be decided too soon but experience in practice evaluated after around two years and the focuses then updated in consultation with the members

of the Private Sector and Development Platform.

Strategy differentiation by country group

South-Eastern Europe

Promotion of sustainable and socially balanced economic development is a key feature of ADC in this region. Private sector and employment will be a thematic focus in these countries alongside education and environment, water and energy to form one thematic focus in these countries. Economic growth will be fostered through a combination of effective public institutions and job-creating investments by businesses. The measures in South-Eastern Europe serve as pilot projects for middle-income countries. Building on Austrian activities in the past, ongoing programmes by international and bilateral donors and planned measures by the governments, the following four project focuses will be further implemented by ADA in the period 2005-2007 in Bosnia and Herzegovina, Croatia, and Serbia and Montenegro:

- public institutions as promoters of the investment climate
- municipalities as modern partners for investors
- SMEs as creators of new jobs
- modern labour market administrations to combat unemployment

Low-income countries

Private sector and development is also highly relevant in least developed countries (LDCs) and other low-income countries.

Economic growth is a necessary but not sufficient condition for poverty reduction. The focus must be on poverty-reducing or pro-poor growth strategies. The approaches in poorer developing countries differ from those in richer ones to the extent that

greater emphasis has to be placed on the economic framework and an interest in direct foreign investment by Austrian businesses cannot always be assumed. In sectors in which Austria has comparative advantages, such as water, energy or education, attempts will be made to develop the infrastructural basis for economic growth, while direct economic activities with high poverty-reducing potential are supported by the sectors MSME development, agriculture and rural development.

The strategy in low-income countries is aimed at maintaining the ADC quality standard and allowing for the particular situation of very poor countries while also moving in the direction of self-supporting economic growth to make these countries less dependent on direct assistance from the outside. This can be achieved through partnerships and investments by Austrian businesses, benefiting at the same time from previous ADC experience and contacts.



Digression: Promotion of women

Promoting women, reducing poverty: Austrian commitment to women in developing countries

Global poverty figures speak for themselves: over one billion people live in absolute poverty of less than one euro per day. Some 800 million people are starving and more than one billion have no access to clean drinking water. The majority of these poor people are women and girls. They carry a double load: on the one hand, women and girls in developing countries are mostly responsible for providing for the family, but on the other hand they are socially, legally and economically disadvantaged and excluded from progress and development opportunities. These women play a decisive role in the sustainable development of their countries and hence in the future of all of us. If their situation can be improved, the worldwide gap between rich and poor could be reduced. Our own prosperity and security are at stake.

Promoting women: effective development cooperation

Promoting girls and women is one of the most effective forms of development cooperation: if the situation of women is improved, the entire society stands to benefit. Promoting equality and equal rights of women and men at all levels is one of the main priorities of Austrian

development cooperation. In its cooperation with developing countries, Austria is committed in particular to:

- better education, health care (including enlightenment and education cooperation with regard to genital mutilation) and more reliable food supply for women
- legal equality and more economic and political power for women
- equal access to resources such as land, water, employment, energy or capital
- prevention of violence against women and girls

Respect for women's rights is an immutable principle of Austrian development policy, applying to bilateral cooperation with individual countries and to international activities.

Broad legal basis

The legal basis for ADC commitment to the equality of men and women is the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and the Additional Protocol, to which Austria made a significant contribution, and the Beijing Platform for Action adopted at the last United Nations Conference on Women in 1995. The principle of gender equality is also enshrined in the new Development Cooperation Act adopted in 2002. All Austrian development

cooperation projects are subject to gender mainstreaming and are checked for the effectiveness at improving the situation of women.

Greater consideration for women's interests

By supporting women in developing countries, Austria makes an important contribution to reducing poverty and

greater gender equality worldwide. The potential offered by women could also be better exploited internationally in reducing poverty. Within the UN, Austria is therefore committed to including the interests and problems of women to a greater extent in the MDGs.

From 2000 to 2003, ADC invested around 90.2 million euros in development programmes designed wholly or partially to promote women.

IX. Geographical focus: Austrian priority countries and regions

Programme and project aid resources have been concentrated in the last few years on priority regions and countries. This has contributed to the development of viable long-term partnerships and to savings in transaction costs. This concentration results in greater efficiency and increased visibility of significant ADC contributions in the priority countries.

The geographical priorities will continue in future to be based on the following **criteria**:

1. Analysis and evaluation of the poverty situation

Poverty indicators like those of the MDGs, LDC categorisation or the Human Development Index must apply strongly to priority countries and regions.

2. Responsible governance

The country has or is developing a democratic system, respects human rights and international commitments and its efforts are regarded positively by the donor community. It takes visible responsibility for state programmes and makes a contribution of its own. Programme management and administrative capacity are reliable and bilateral agreements are respected.

3. Partnership criteria

The cooperation includes organised political dialogue, builds on a periodic joint review, and the cooperation to date is regarded

positively by the partner government. The partner government is willing to coordinate with international development partners and cooperation with Austria is desired.

4. Synergies of varied complementary interests, coordination, complementarity and coherence

Existing bilateral relations in other areas supplement the cooperation and are being further concentrated. The cooperation potential with Austrian business interests is capable of development. Established relations between Austrian institutions and/or NGOs at the state and civil society levels in the partner country should be fostered, and regional programmes supplement the bilateral priorities.

Austria subscribes to the targets jointly agreed by the OECD/DAC for sustainable economic and social development "at the threshold of the 21st century".

ADC develops intensive relations with priority countries; relations with other regions or countries are less concentrated. This ADC categorisation can be seen in the programme matrix (Annex 2).

The cooperation with regions and countries is evaluated in an ongoing process based on these considerations. This provides ADC with answers regarding the need for input by Austria. The results are set down in **ADC regional or ADC country strategies** agreed

1) The list of countries is currently being reviewed with a view to further geographical concentration of ADC. This will also involve a simplification of the terminology used (no distinction any more between priority and cooperation countries). The intensity of ADC can be controlled using cooperation and financing instruments (see the programme matrix in the Annex). Other partner countries are also mentioned in the Digression on South-Eastern Europe.

2) Example: Protection of natural resources is a problem that affects all of the West African Sahel. It is dealt with in the framework of the programmes in the ADC partner countries and is also the object of regional cooperation.

in various ways with partner countries and implemented in the ADC/ADA work programme, as part of the ongoing process of geographical concentration. (Fifteen years ago, programme and project aid was still being provided in more than 50 countries; today more than two thirds of the resources are concentrated on a few regions.)

This established geographical concentration will be continued, existing commitments implemented and generally retained. At the same time, individual measures that no longer meet the criteria will be discontinued. The aim is to achieve a higher significance threshold for ADC.

ADC in 2005–2007 will concentrate geographically on priority regions and countries¹.

In these regions, **thematic profiles**² will be continued in parallel to programmes with priority countries. Such profiles will also be devised for Eastern Europe, the Caucasus, Central Asia, South East Asia, the Mediterranean/North Africa and Africa (overall). To avoid dispersion, the targeted collaboration in regional programmes and institutions will be defined on a case by case

basis and invitations to tender might also be used as an instrument. This also applies to contributions to global programmes worthy of support.

The geographical criteria for **priority countries** will be examined with particular care, taking account of the following considerations:

- ADC will endeavour to visibly surpass the significance threshold in terms of quality, quantity and instruments and also to achieve budgetary visibility.
- ADC will concentrate on a few selected sectors or themes.
- As wide a spectrum as possible of Austrian interests and cooperation instruments will be coherently employed.
- Ownership by the partner government will be encouraged and individual measures will be aligned with the recipient country's strategy.
- Austria is committed to very long-term ADC in the partner country and encourages professional political dialogue through local presence and reciprocal visits.
- ADC has a logistical presence in the partner country.
- A form of institutional cooperation will be agreed (periodic consultations, medium-term programmes, monitoring system)
- Austria will take part systematically in coordination events for cooperation with partner countries (round tables, advisory group meetings). Political dialogue with Austria's partners should take place at least once a year. Austria supports local coordination efforts within the framework of bilateral and multilateral structures, the United Nations Development Assistance Framework (UNDAF) and the EU.
- In this context, Austria also supports the harmonisation of donor instruments with a view to reducing transaction costs for recipient countries and simplifying the joint financing of programmes.

An overview of the programmes planned for 2005–2007 can be found in the programme matrix in Annex 2.

Priority region	ADC operates in the following countries or with regional institutions:
Central America	Nicaragua, Guatemala, El Salvador
West Africa	Cape Verde, Burkina Faso, Senegal
East Africa/Great Lakes	Ethiopia, Uganda, Kenya, Burundi, Tanzania, Rwanda
Southern Africa	Mozambique, Zimbabwe, Namibia, Republic of South Africa
Himalayas/Hindu Kush	Bhutan, Nepal, Pakistan
Middle East	Palestine, Afghanistan, Iraq, Western Sahara
South-Eastern Europe	Albania, Bosnia and Herzegovina, Macedonia, Serbia and Montenegro (including Kosovo), Moldova, Croatia, Bulgaria, Romania
Global	Co-financing (NGOs, business partnerships)

Nicaragua, Cape Verde, Burkina Faso, Ethiopia, Uganda, Mozambique, Bhutan, Albania, Bosnia and Herzegovina, Macedonia, Serbia and Montenegro (including Kosovo), Moldova and Croatia are ADC priority countries. Guatemala, El Salvador, Senegal, Kenya, Burundi, Tanzania, Rwanda, Zimbabwe, Namibia, Republic of South Africa, Nepal, Pakistan, Palestine, Afghanistan, Iraq, Western Sahara, Bulgaria and Romania are included in regional programmes.

Digression: Austria and partnership dialogue with Africa

Building on past experience and also in the context of the EU Presidency in 2006, ADC is collaborating in the drafting of a comprehensive EU strategy for Africa, which will contain both an in-depth analysis of European relations with Africa and a detailed description of the problems and potential of the African continent.

The decision to elaborate this strategy coincides with a number of developments in Africa. The renewed attempt at political and economic integration bears testimony to the will of African politicians to act independently and on their own responsibility. Cooperation with Africa will be approached afresh through the African Union (AU), the New Partnership for Africa's Development (NEPAD) and various regional integration efforts. The great willingness of the international community to support poverty-related government programmes is beginning to bear fruit. The EU plays a major role in this respect.

The future development of Austrian commitment in Africa must be based on the following **requirements and conditions** for development policy for the period 2005-2007:

1. Development Cooperation Act of 2002 (as amended in 2003)
2. Austria's membership of multilateral organisations gives it indirect access to commitments and programmes relating to Africa by these institutions.
3. Austria is actively involved in the development of the EU's relations with Africa. The Cotonou Agreement concluded between the EU and the countries of Africa, the Caribbean and the Pacific and NEPAD, which will permit dialogue on governance, ownership and partnership to be continued as a political process, are pioneering in this respect and. Guidelines such as the EU Common Position Concerning Conflict Prevention are also important. Within the EU budget and the European Development Fund (EDF), Austria also makes considerable contributions to those African countries with which it does not have direct bilateral ADC relations.
4. In its relations with Africa Austria is committed to continue the long-term undertakings by public and private bodies.
5. The close links between development and politics should be reflected in the prioritisation, methodology and instruments of Austrian cooperation with Africa.

ADC is an important aspect of Austrian-African relations.

Poverty reduction and the handling of **conflicts** in Africa will be medium- and long-term themes in these relations. Whereas political relations should aim at safeguarding peace on the basis of human rights and democracy, development

cooperation is designed to improve the living conditions of poor populations. Good governance is inseparably linked with this.

The priority partner countries – the selection criteria for geographical priorities are dealt with in a separate chapter – since 1992 have been Cape Verde, Burkina Faso, Ethiopia, Uganda and Mozambique. Thematically and geographically limited ADC interventions are also supported in other countries of the Sahel, East and Southern Africa.

Where Austria has embassies or ADC coordination offices, their members are involved in the EU Member State and donor coordination mechanisms. Bilateral presence is important for effective collaboration in the EU's development cooperation.

Thematic programmes provide for cooperation with **regional networks**, both private and public, add value to bilateral relations and enhance alignment with ADC bilateral priorities.

In sub-Saharan Africa around 60 million euros are currently spent every year from budget and European Recovery Programme (ERP) funds. This is supplemented by significant contributions by NGOs. The budgetary ADC prospects to strengthen Austrian-African relations have improved through promises in the context of the EU and Monterrey. For the future this means essentially consolidation of the basic structure, which is capable of qualitative and quantitative development depending on the degree to which these promises are fulfilled and which can be expanded as a result of new initiatives.

Digression: Concept for South-Eastern Europe

South-Eastern Europe is the priority region of Austrian cooperation with Eastern Europe and involves Albania, Bosnia and Herzegovina, Bulgaria, Macedonia, Croatia, Romania, Serbia and Montenegro including Kosovo, and Moldova.

This prioritisation is a result first and foremost of the geographical proximity and traditional relations but is also in particular due to the significance of the region for stability, security and prosperity in Europe. Challenges in terms of employment, competition, migration and trafficking in human beings can be addressed only in a pan-European context. Added to this is the motive of solidarity with a region requiring international support in a difficult period of transition.

ADC activities in South-Eastern Europe take place in the context of European integration and in support of the declared objective of all governments and populations to complete the transformation process with complete integration into the EU structures. In the light of Austria's excellent political and economic relations with the countries of South-Eastern Europe, ADC is called upon to make a contribution and is particularly suited for this purpose.

The funding for the individual country frameworks is guided by the criteria of conflict potential, need (poverty), political and economic relations with Austria and progress in the EU integration process. The size of the country influences the weighting

(ODA/person), although the need for a minimum volume required for a country programme has also to be taken into account. In line with these criteria, ADC focuses within South-Eastern Europe on the **Western Balkan countries:** Albania, Bosnia and Herzegovina, Macedonia, Croatia, and Serbia and Montenegro including Kosovo. In view of the progress made in the EU integration process, commitments in Bulgaria and Romania are being wound down.

ADC programmes in the Western Balkan countries Albania, Bosnia and Herzegovina, Macedonia, and Serbia and Montenegro including Kosovo will be expanded in the coming years, with coherent country programmes with one to three priority sectors and long-term cooperation perspectives. Larger budgeted amounts will be allocated especially to those countries that still have a relatively high conflict potential (Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, and Serbia and Montenegro including Kosovo). In view of the important role played by Croatia in regional cooperation, ADC commitment in this country will also be continued.

In terms of substance, priority will be given to business and employment, a sector that has been in development since 2003. The aim will be to create employment and revenue and to strengthen production capacities by improving the economic framework, promoting SMEs, improving the

infrastructure as a prerequisite for economic development, and supporting innovative labour market initiatives. The social compatibility of the transformation process and the fight against “new poverty” are important ADC goals in this respect.

The development of cooperation with the private sector will help to mobilise urgently needed additional resources in the region. The Private Sector and Development Platform (see Chapter VIII, Digression: Private sector and development) offers a framework for communication and coordination between the actors involved. ADC activities in the sectors education and the environment, water and energy will be continued.

As far as education is concerned, ADC in South-Eastern Europe will continue to concentrate on higher education and vocational training. In this respect, the education systems must be seen increasingly in the context of other important social and economic subsystems such as labour, business and technology. Projects at the interface of the two thematic priorities education and business and employment will be increasingly promoted. In the environment, water and energy sectors as well, the relevance of measures to business and employment will constitute an important selection criterion. ADC resources will be used increasingly in combination with other financing instruments (soft loans, guarantees).

The requirement for political conditionality will remain an important aspect of ADC programming in this region in the coming years. In particular, respect for the rights of

minorities is a requirement that ADC will continue to demand without restriction.

ADC programmes and projects in the region will focus more in future on making a specific contribution to conflict prevention and reconciliation, be it through the selection of partner communities, the promotion of regional cooperation initiatives or the type of cooperation offered for individual projects.

Apart from the bilateral country programmes, ADC will also promote **transnational cooperation in South-Eastern Europe**. The Stability Pact for South-Eastern Europe provides an important cooperation framework in this respect which needs to be put increasingly under the responsibility of the countries themselves. Specific projects to be supported will include the Education and Youth Task Force, the Trafficking in Human Beings Task Force and the Investment Compact.

In **Romania and Bulgaria** the financing of bilateral projects will move into a final consolidation phase. These two countries will, however, still be included in regional cooperation programmes. In individual cases cooperation with the private sector in Austria could be envisaged.

Two further **support instruments** are available to all the countries of South-Eastern Europe: the **Know-How Transfer Centre** of the Association of Austrian Cities and Towns will finance small cooperation projects connected with administration; and a **co-financing budget line** will provide resources for long-term cooperation projects by NGOs and the Austrian public sector.

X. Multilateral development cooperation

General

Increasing globalisation has meant that multilateral development policy has taken on a greater significance. The MDGs (see Chapter III) provide the guideline today for Austrian development policy.

Development policy in the multilateral framework must be based on the requirements and relative and constantly changing status of international organisations. Austria takes an active part in discussion on development policy themes, which are dealt with above all in the following multilateral forums:

- European Union (EU)
- United Nations system (UN)
- World Trade Organization (Doha Development Round)
- World Bank system and other development banks (IFIs)
- OECD Development Assistance Committee (DAC)

Austria endeavours to exert a reasonable influence on medium-term planning by international organisations in those areas it regards as priority.

Since it joined the UN in December 1955, Austria has regarded its collaboration in this organisation as a particularly important

political concern. This also applies to the location of UN organisations in Vienna, which is today an important UN office.

It was within the framework of the UN that Austria established significant relations with many countries of the “Third World”, particularly in Africa, and assumed the status of observer among the non-aligned states.

Since 1989 and particularly since Austria joined the EU, the situation has changed considerably. This has led to a gradual reappraisal of the importance of the UN system and the relative weight of other multilateral organisations for Austria and a realignment in the nature of Austrian cooperation.

The following basic principles are of key importance:

- The UN (and major UN conferences) are important for the democratic development of the international system, which Austria supports.
- Because of their universal, non-partisan and non-political character, the UN development organisations, particularly the United Nations Development Programme (UNDP), are seen as partners who are represented even in the most remote and poorest countries. This function as “partner of last resort” is important for Austria.

- Alongside the European Commission, the World Bank and international financial institutions are the main actors with regard to financial transactions. The World Bank has also become important in the field of technical assistance and regards itself primarily as a development organisation.

Although the development policy of the international community today is extensively convergent, there are conflicts of interest and different approaches. In this environment, Austria believes it essential that the EU has its own development policy. This is also in line with the Maastricht Treaty.

As a member of the EU, Austria is part of the world's largest donor association for development cooperation (Community plus Member States); the Europe Aid Cooperation Office (AIDCO) alone provides funding worth around 3.5 billion euros. This also involves a commitment to operate within a pan-European context.

Development cooperation within the EU

Development cooperation within the EU takes place at two levels:

- Joint development cooperation managed by the European Commission, financed from the European Development Fund (EDF) and the Community budget;
- Joint approach and coordination of development cooperation between all EU Member States and the European Commission as a development organisation both in partner countries and international forums.

Community development cooperation and the EDF

- The Austrian share in the EU external aid and development cooperation is fixed by treaty at approximately 2.45 per cent of the budget and a 2.65 per cent share in

the EDF. In figures, these amounts are around 2.5 times as high as the total bilateral programme and project aid.

Austria supports this European approach as it is representative of a joint policy.

Community development cooperation has evolved in the last few years. The reform process can be said to have been successful. In practice there is no longer any cash flow problem. Increased attention will therefore be placed in future on organisational questions and on the quality and effectiveness of the fund allocations.

In 2005, a further development of the joint **declaration on development policy** by the Council and the Commission of November 2000 could well come up for discussion. This declaration defines the thematic priorities for the Community's development cooperation. The adaptation would be designed to include in the working programme the challenges that have come to light at major global conferences of the last few years.

The reform of the Community's legal basis and hence the budget for the period from 2007 will be of fundamental significance. In connection with the financial perspective for the period from 2007, the European Commission proposes not only the budgeting of the EDF but also a complete reorganisation of the legal basis for external aid.

External assistance would be subdivided into three regional categories (pre-accession assistance, neighbourhood and partnership, and development cooperation and economic cooperation). With the regional instruments, however, there is a danger that the significance of thematic and sectoral focuses (democracy, human rights, water, energy), which were covered in the past by their own instruments, will dwindle. Austria will attempt to counteract this risk.

A new horizontal stabilising instrument will also be available for activities that are more directly connected with the foreign and security policy (mines, conflict prevention, terrorism, weapons of mass destruction,

crime). Humanitarian aid will also be simplified for the better.

The negotiations launched in Cotonou on **economic partnership agreements with Africa, Caribbean and Pacific (ACP) countries**, should be concluded in the coming years. A review of the overall project status is planned for 2006.

European Commission Humanitarian Aid Office (ECHO)

Austria's contribution to ECHO, which in 2004 ran to 450 million euros, is also around 2.45 per cent. The above-mentioned review of the legal structure as part of the Financial Perspective is also likely to have an impact on this area.

EU development policy

The deepening of the EU has meant that the development policies of the Member States have been caught up in an integration movement. With the joint representation of the EU at international conferences specified in the EU Treaty, the EU development policy position has to be defined in its entirety and the commitments undertaken at such conferences have to be jointly implemented.

Two linked political processes will have a marked influence on the evolution of EU development cooperation in the next few years: the implementation of the MDGs and the commitments undertaken by the EU at Monterrey (and Barcelona).

In the run-up to the **review of the Millennium Development Goals** at the UN General Assembly in 2005, the EU undertook its own review in 2004 of the measures taken to date in pursuit of the MDGs. The follow-up to the UN event in 2005 will almost certainly occupy the Austrian EU Presidency in 2006.

Regarding the EU's commitments in Monterrey, specific measures have already

been launched for the first (increasing ODA) and second (harmonisation of processes and coordination of policies) of these commitments. These political processes and the road maps that they entail will occupy the EU Member States both inside EU forums and elsewhere (e.g. OECD/DAC) in the next few years.

An interim target has been set for 2006 for the first commitment. In that year the EU-15 are meant to spend at least 0.33 per cent of their GNI on ODA. As far as the second commitment is concerned, an expert working group has been set up to elaborate a plan of action on the basis of proposals by the European Commission.

Apart from these two main thrusts, Austria is also seeking to strengthen the role of the EU as a political factor at international conferences and in the eyes of the world by **improving its communications policy**, since the EU, in spite of its greater input, tends to be overshadowed by other major donors. In addition, Austria will continue its endeavours to enhance EU coordination at the level of the executive boards of international organisations.

Austrian EU Council Presidency in 2006

The Austrian presidential programme is based fundamentally on the corresponding section (numbers 55 to 57) of the European Council's Multi-Annual Planning Documents of December 2003, which has formed the basis since then of the detailed multi-annual planning of EU development cooperation.

The four main development cooperation events will be:

- General Affairs and External Relations Council with development cooperation segment (Brussels, May 2006)
- ACP-EU Council of Ministers (end of May/June 2006 in Papua New Guinea)
- Civil Society Forum within Austria
- Informal meeting of the humanitarian aid committee (planned to take place in the Hofburg in the Presidency facility, March 2006)

On 23 January a meeting of high-level officials will discuss the topic of energy in the context of development cooperation; the development policy dimension of the Latin America summit will be addressed through dialogue with human rights institutions and through support for the Central American group in harmonising its ODA requirements.

Austria is also bound substantively by the multi-annual work programme of the institutions in Brussels. This means that it has limited scope for selecting points of emphasis. The following four sectors are at all events laid down:

- Continuation of the Monterrey process and the eight EU commitments undertaken in Barcelona;
- Further development of European basic development cooperation documents (revision of the development policy statement, negotiations on a development instrument; EU-Africa strategy);
- Health, particularly combating the HIV/AIDS epidemic;
- Preparation for the ACP-EU Council of Ministers (reform of Cotonou, negotiations on the World Programmes of Action (WPAs), tenth EDF).

Development policy in a universal framework

International development policy and the framework for development cooperation can be furthered most effectively in a multilateral environment. ADC must observe trends and be in a position to present a development policy position for those issues of particular relevance to Austria. This calls for the targeted use of its own capacities and intensified and results-oriented cooperation with development policy experts in academic institutions and NGOs.

Not only the EU but also the UN and World Bank are progressively shifting competence from the headquarters to the local representations (field offices). This means that the ADA and the embassies must increasingly **collaborate directly in local decision-making processes** in order to exert their influence on the programmes by these organisations.

United Nations (UN)

A central issue affecting all UN development organisations is the **need for increased coherence and efficiency**. The major UN development organisations have joined together for this purpose in the United Nations Development Group (UNDG), which supports the UN country teams in the field in drawing up joint needs analyses and devising coordinated country programmes. Austria supports these reforms in the UN system and the clear demarcation of the roles of the UN and World Bank.

United Nations Development Programme (UNDP)

The UN development activities are a vital component of a democratic world order seeking universality. The UNDP continues to play a leading role in this respect both as the coordinating point for all UN activities and as an implementing organisation in certain key areas (good governance). In 2004 Austria increased its voluntary contribution and also contributed to the Trust Fund for Energy and Democracy Development.

United Nations Population Fund (UNFPA)

Austria supports a broad approach going beyond reproductive health to include demographic trends and macroeconomic effects. Together with the EU it endeavours to make good the shortage of resources resulting from the absence of contributions from the USA.

United Nations Children's Fund (UNICEF)

Austria is a member of the Administrative Board from 2004 to 2006 and supports in particular the theme of children in armed conflicts and the implementation of the decision of the World Children's Summit, including HIV/AIDS prevention among juveniles.

United Nations Industrial Development Organization (UNIDO)

Following a lengthy period of restructuring, this organisation now has a leaner but more focused basis. As part of its preferential treatment of organisations based in Vienna, Austria plans to continue its relatively higher financing of UNIDO development programmes. At the same time, Austria shall concentrate particularly on strengthening productive capacities in developing countries, cleaner production centres and SME development.

United Nations Conference on Trade and Development (UNCTAD)

In the framework of the Ninth UNCTAD conference in Sao Paulo in 2004, Austria was particularly interested in development strategies in a globalised world economy and the strengthening of productive capacities in developing countries to improve their international competitiveness. The cooperation between UNCTAD, UNIDO and the WTO will be further encouraged.

World Health Organization (WHO), GFATM, UNAIDS

The development cooperation activities of the WHO continue to focus on fighting HIV/AIDS. Of particular note in this respect is the "3 by 5" initiative of Director General Jong-Wook Lee. Together with UNAIDS it is hoped to treat three million people in 50 developing countries with antiretroviral drugs by the end of 2005. A further instrument in the fight against HIV/AIDS is the GFATM (Global Fund to Fight AIDS, Tuberculosis and Malaria) established in 2002.

Social and humanitarian sector**Office of the UN High Commissioner for Human Rights (OHCHR)**

In the human rights sector, Austria's permanent contribution is limited to the payments into the Fund for Torture Victims and Fund for Technical Cooperation set up by the OHCHR. It also finances OHCHR human rights experts in Burundi. In keeping with its traditional profile in human rights questions and the goals of the DCA (see Chapter II), it will look into the possibility of making a greater contribution to the OHCHR, as occurred in 2004.

United Nations High Commissioner for Refugees (UNHCR)

International protection of refugees and durable solutions to refugee problems are the core mandate of the UNHCR: repatriation, reintegration and settlement in other countries. The general Austrian contribution was appreciably increased in 2004. This is to be repeated in 2005 and 2006. The level of contributions by Austria will also be increased through bilateral projects and earmarked contributions, for Afghanistan, Iraq, Burundi and Sudan, for example.

United Nations Office for the Coordination of Humanitarian Affairs (OCHA)

Among the main tasks of the OCHA are the planning and implementation of the Consolidated Appeal Process (CAP) and the organisation of the Interagency Standing Committee (IASC). It also has important coordination functions in the field of military-civilian cooperation, which is traditionally supported by Austria.

United Nations Development Fund for Women (UNIFEM)

Founded following the first World Conference on Women in Mexico in 1975, the very well managed UNIFEM carries out innovative projects worldwide to strengthen women's human rights. One of its main focuses is violence against women. Austria will increase its support for this area in the coming years.

International Organization for Migration (IOM)

The IOM is recognised worldwide as the leading organisation for migration issues. The substantive focuses are traditionally defined by the Federal Ministry of the Interior, which also pays the Austrian contribution to the administrative and operative part of the IOM budget.

International Labour Organization (ILO)

In the area of development aid, the ILO primarily offers know-how, which is utilised by the individual Member States and partner organisations in specific projects. The main focuses are the implementation of core labour norms as agreed in the various ILO conventions. Particular mention should be made of a programme to eliminate child labour, in which Austria has already participated once and which could be of interest in the future.

United Nations Office on Drugs and Crime (ODC)

The UN Office on Drugs and Crime, which has its headquarters in Vienna, pursues the goal of worldwide drug control through a combination of supply- and demand-reducing programmes and projects. Development policy goals can be achieved among other things through the promotion of the transition from drug cultivation to other agricultural and forestry activities (alternative development). In the field of crime prevention, the main focuses are combating organised crime, corruption, trafficking in human beings and terrorism. As a major donor to the ODC, Austria therefore endeavours to continue to play an active role in drug- and crime-related questions.

Food aid and world nutrition programme

Through the Federal Ministry of Agriculture and Forestry, Environment and Water Management, Austria contributes annually to world food aid and the World Food Programme (WFP). The Food Aid Convention, which currently runs until 30 June 2007, provides for an annual contribution (as minimum commitment) of 1.49 million euros. The recipient countries are selected as a function of the crisis situations in consultation with the agriculture and foreign affairs departments, while for the operative implementation the WFP and ADA are involved if possible.

The Austrian contribution to the WFP is 1,323,000 euros per year and will continue to be paid annually provided that resources are available. It is used in hunger crises in consultation with and as provided for by the WFP.

World Trade Organization (WTO)

The development policy dimension is particularly prominent in the Doha Development Round. Austria, as a member of the EU, will continue to work towards an ambitious, comprehensive and balanced negotiated agreement on market access and rules and on better integration of developing countries, particularly the LDCs, in the multilateral trade system. A development-friendly negotiated agreement is desirable particularly in the sectors essential to the developing countries, attention being paid especially to LDCs in the interests of reducing poverty. Following the Fourth WTO Ministerial Conference in Doha in 2001 the Doha Development Fund was set up to finance WTO-related technical assistance to developing countries. To date Austria has made contributions to it solely through funds from the Ministry of Economics and Labour (most recently in September 2003).

Digression: Development policy and international financial institutions (IFIs)

International financial institutions are banks and funds capitalised and financed by member states under multilateral agreements to fulfil specific tasks.

resources are used to finance poverty reduction, development, alignment and transformation programmes, to ward off economic and financial crises and to soften the impact of external shocks.

Why IFIs?

Meeting global challenges calls for concerted efforts and international burden sharing. Austria also participates in IFIs in the pursuit of global development goals. At the same time, its financial and personal presence in IFIs ensures that Austrian values and interests are represented in these institutions.

IFIs are **efficient** because they combine the financial resources provided by a large number of countries, make them available to international financial markets (with the exception of the International Monetary Fund) and use these resources systematically for poverty reduction and economic development.

IFIs are **important** because every year they give out around US\$10 billion worldwide in the form of soft loans or non-repayable subsidies to low-income countries and around US\$40 billion in low-interest loans to medium-income countries, mostly threshold or transition countries. These

Austrian priorities for 2005 to 2007

Poverty reduction based on the MDGs

Meeting these targets involves not only higher ODA input from the developed world but also and above all economic growth in low-income countries and effective poverty reduction. High economic growth depends on good and stable basic microeconomic data and dynamic economic development under appropriate economic conditions and in a positive investment climate. Reform policies must also focus at the same time on investments in social sectors, the creation of social security networks, the reduction of income disparities and the realisation of the principles of human security. Reconciling economic growth targets with the premises of a policy oriented towards poverty reduction is a balancing act that IFIs systematically support (e.g. through Poverty Reduction Strategy Papers – PRSPs).

Good governance

Social and economic development and the maintenance of stability and peace depend to a large extent on good governance, administrative reform, decentralisation, contractual and legal security, preventing corruption, democratisation (as long as it is compatible with IFI statutes, e.g. function of parliaments) and respect for human rights. Austria welcomes and encourages the trend in IFIs to take note of this context and to allow for it in their operations.

Global economic development

IFIs provide an efficient and effective worldwide network for the promotion of economic development. At the national level they provide financing to enable national economies to function, thereby creating an important basis for better integration of less developed countries in the global economy. There are still no valid instruments to counter transnational economic and financial crises, but IFIs played an important mitigating role in the crises of the 1990s. Work must continue on improving the instruments. Coherent economic policy targets in international organisations and institutions are essential. Austria therefore supports greater cooperation between IFIs and the WTO and the establishment of a comprehensive, generally recognised world trade system.

Sustainable environmental development

IFI projects must be fundamentally compatible to the largest possible extent with preservation of the natural environment. The goals and principles of sustainable environmental development must also, however, be more firmly anchored. Investments in renewable energy, in sustainable, affordable and easily operated water and waste water systems and proactive climate protection measures should have priority significance for IFIs.

Debt sustainability

Austria will remain actively involved in the Highly Indebted Poor Country (HIPC) initiative for the reduction of the debt burden of the world's poorest countries until its conclusion and endorses the debt relief strategy of the Paris Club. To guarantee debt sustainability in the future, IFIs will be required to conduct regular debt sustainability analyses and use their soft loan instruments in a targeted manner.

Within the framework of the international discussion on the continuation of the HIPC initiative after its expiry, Austria is studying reasons for its extension. The decision will depend on the nature of the extension and the degree of budgetary cover available to Austria.

Austrian economic interests

Like the EU, IFIs are an important economic factor through which orders worth billions pass every year. It is Austria's membership of IFIs that enables Austrian enterprises to compete for orders from an annual kitty of around US\$50 billion in the first place. They are supported in this endeavour through the presence of Austrian representatives in the IFIs and through special instruments (e.g. trust funds).

Parameters for the implementation of these priorities

Austria is in favour of greater focus by IFIs on the strategies and priorities of developing countries and more **ownership** by the governments of these countries themselves. In this respect, governments, democratic institutions, the private sector and civil society organisations all play an equally important role.

International financial institutions

Name and headquarters of institution	Austrian contribution to total capital at 31 December 2003	
	in %	in million euros
International Monetary Fund, Washington	0.880	2,202.836
International Bank for Reconstruction and Development (IBRD), Washington	0.704	1,056.690
International Development Association (IDA), Washington	0.768	722.565
International Finance Corporation (IFC), Washington	0.836	15.630
Multilateral Investment Guarantee Agency (MIGA), Washington	0.834	11.702
Global Environment Facility (GEF), Washington	1.494	59.976
Consultative Group on International Agricultural Research (CGIAR), Washington	0.396	18.448
African Development Bank (AfDB), Abidjan	0.445	112.889
African Development Fund (AfDF), Abidjan	1.153	182.030
Asian Development Bank (ADB), Manila	0.344	141.656
Asian Development Fund (AsDF), Manila	0.845	169.374
Inter-American Development Bank (IADB), Washington	0.159	127.148
Fund for Special Operations (FSO), Washington	0.207	15.918
Inter-American Investment Corporation (IIC), Washington	0.495	2.732
European Bank for Reconstruction and Development (EBRD), London	2.280	456.000
European Investment Bank (EIB), Luxembourg	2.445	2,444.649
European Development Fund (EDF), Brussels	2.650	705.960
Common Fund for Commodities (CFC), Amsterdam	1.209	1.736
International Fund for Agricultural Development (IFAD), Rome	0.861	26.239

The IFIs need to help **harmonise** donor behaviour, coordinate with other bilateral and multilateral donors and develop joint financing instruments and modalities.

The **impact on development** of the instruments used must be increased through more ownership, more harmonisation and also more quality assurance and focus on real development successes.

The table gives details of **Austrian participation** in IFIs. The contributions will either stay the same in the period 2005 to 2007 or, in the case of some soft windows in multilateral development banks that are particularly effective at reducing poverty, adapted to the level of OECD states with comparable economic performance.



Digression: Trade and development

The ADC partner countries are confronted by a variety of foreign trade problems. Foreign trade is characterised by the dependence on technology-intensive imports and chronic balance of trade deficits. The priority countries are represented on the world market with a very one-sided range of products and with fluctuating and dropping prices for their goods, so that foreign trade results in a loss of hard currency and a need for action.

ADC is aware of this development policy problem and would like to prevent development cooperation being fostered on the one hand but partner countries losing resources because of unfavourable world economic structures and the lack of internal capacities on the other. In the interest of **coherence**, the promotion of trade should be taken into account where possible in bilateral programmes and ADC should act as an advocate for priority and cooperation countries.

The Austrian approach integrates trade in the context of poverty reduction and seeks points of contact in the **bilateral programme**. As the lack of diversification in production structures and the low added value are among the most important problems in the partner countries, a number of activities could be carried out in traditional ADC sectors to build up production capacities and increase competitiveness, for example through the promotion of MSMEs and agricultural development. In order to focus effectively

on poverty reduction, the measures must be aimed at precisely defined target groups and based on an analysis of the knock-on effects. The gradual expansion of trade from local through national and regional to international markets should help small producers to increase their income. A model in this respect is alternative trade, which builds up a direct chain from production in the South to consumption in the North and also controls the social impact of products and marketing. This type of cooperation involves a know-how transfer and helps the partners to improve their products so as to comply with international quality standards.

At the **international level**, the ADC strategy consists of lobbying for the interests of LDCs and of raising awareness in favour of the liberalisation of Austrian foreign trade. Access to Northern markets for developing countries products, particularly those from LDCs, needs to be made easier, which is contingent on the development of an open and fair multilateral trade system in which the interests of the partner countries are sufficiently represented. ADC encourages a coherent, coordinated and supportive position in international trade issues.

Partner countries should be in a position, among other things through trade capacity building, to increase their exports and organise their imports on the basis of development policy priorities. At the same time, their foreign trade should be

strengthened through more direct investment in their countries. The development policy goal is sustainable foreign trade with as much development potential for the partner countries as possible.

A detailed analysis has revealed mixed results of trade liberalisation in priority

countries. Consolidation of the positive development is therefore a priority. ADC intends to observe the progressive economic integration of North and South and help partner countries to introduce their concerns such as South-South integration and autonomous definition of interests, into trade issues.

XI. International humanitarian aid

The progressive globalisation of our world produces a much more direct confrontation with the humanitarian consequences of disasters, wars and armed conflicts. This is also clearly demonstrated by the frequent appeals for humanitarian aid by the UN or international humanitarian organisations and the on-the-spot disaster reporting by international TV stations. A highly developed country like Austria cannot but share responsibility with other members of the international community for the fate of the victims of humanitarian crisis situations. As a result, the **humanitarian dimension** is becoming increasingly important in Austria's **international relations**.

Humanitarian aid policy overlaps with foreign, security and development policies and has become an **important instrument in Austria's presence in other countries**. Humanitarian aid is highly publicised and accepted in the media and also by the population. Austria can look back on a tradition of State and private disaster relief and humanitarian assistance, particularly in the Balkan crisis area and other neighbouring regions.

Resources for State disaster relief and international humanitarian aid have been mobilised in the past in Austria by decisions of the Council of Ministers authorising the Federal Ministry of Finance to release funds for special government measures abroad.

To ensure rapid and effective provision of humanitarian aid by the State in non-EU

countries, it is thought practical, following clarification by the Federal Government, for this to be organised by the Foreign Ministry ADC, provided that it could be counted towards ODA contributions. This measure should be combined with a coordinating and harmonising function for humanitarian aid by different actors, particularly given the fact that considerable humanitarian aid is provided in Austria by the federal provinces and municipalities and by NGOs.

State humanitarian aid is aimed in principle at countries in ADC priority regions and developing countries with particular foreign policy relevance for Austria. This also permits such aid to be counted towards ODA contributions in accordance with DAC guidelines.

The distinction between humanitarian aid and civil protection is based on the mandates and structures in the European Commission, where ECHO is responsible for humanitarian aid and the Environment Directorate General (DG) for civil protection.

Relief Fund for International Disasters

The Government has set up a relief fund for international disasters designed to ensure a prompt and efficient reaction in the event of disasters and humanitarian crises abroad through the rapid provision of financial resources and a clear definition of

responsibilities. The fund is supplied by contributions from the State and other regional bodies and public and private donors. Under the Federal Budget Act, budgetary funds of up to 100 million euros a year can be provided for disaster relief measures abroad. The Government decides on a case by case basis how the fund's resources are to be appropriated.

Principles

State humanitarian aid is based essentially on EU guidelines and the principles of good humanitarian donorship, notably the fundamental values of humanity and the inalienable dignity of every individual, and on international humanitarian law and internationally recognised humanitarian principles. It is available to every individual, regardless of his or her ethnic origins, religion, political conviction or social class.

Humanitarian aid addresses the material needs of the persons affected and is non-partisan, neutral and free of political conditions. The approach takes account from the outset of the principle of linking relief, rehabilitation, reconstruction and development (LRRD).³ This approach is also applied to disaster relief. Humanitarian aid is intended to help the ADC **priority regions** and countries of particular foreign policy relevance to Austria.

An essential criterion for effective humanitarian aid is a prompt reaction, decision-making and implementation of measures. This criterion needs to be taken into account in the administrative structure.

Tasks and goals: saving human life, reducing human suffering

Humanitarian aid includes emergency aid (first aid and survival assistance), and rescue and protection measures during and after the following **crisis and disaster scenarios**:

- Wars or armed conflicts and exceptional crisis situations (collapse of state order, complex conflicts)
- Natural disasters (earthquakes, floods, drought)
- Technological disasters (nuclear, biological, chemical incidents, terrorist incidents, environmental disasters, burst dams and mass destruction endangering human life)

Partners and alliances

In providing humanitarian aid, ADC cooperates with specialist humanitarian NGOs and international organisations such as the International Red Cross Committee (IRCC) and UN organisations such as the Office for the Co-ordination of Humanitarian Affairs (OCHA) and the UNHCR. Humanitarian aid also collaborates if required with public and private institutions such as universities and hospitals. Civil-military cooperation may also be considered if necessary (in accordance with the relevant rules concerning the use of military and civil defence resources in emergencies so as to avoid an unnecessary mixing of politico-military goals and humanitarian needs or the politicisation of humanitarian aid).

Apart from its important humanitarian and security and disarmament components, the Federal Ministry for Foreign Affairs mine programme is a major component of ADC and is organised coherently with the country programmes. It includes demining projects, awareness-raising, assistance to mine victims and destruction of landmines. Together with other states Austria devised the concept of a mine-free South-Eastern Europe by 2009. The mine projects therefore focus geographically on this region as well as South East Africa.

³) LRRD: „Linking Relief, Rehabilitation, Reconstruction, Development“

XII. HIV/AIDS

In its most recent report (2004 Report on the Global AIDS Epidemic), UNAIDS indicated that the infection rate in many countries was continuing to rise. In 2003 an estimated 38 million people were living with the virus. Many of the ADC partner countries are in the regions most seriously affected by HIV/AIDS (Southern and East Africa). In the partner countries in Asia and Central America the infection rates are still relatively low, but the epidemic is spreading at an alarming rate in certain population groups in a number of the countries. In many cases there is a danger that the epidemic will spread in future to the general population.

HIV and AIDS not only cause unimaginable human suffering and a dramatic reduction in life expectancy in many countries, but also have a negative impact on all other aspects of human development because of the higher disease and mortality rates among working-age adults. HIV/AIDS increases existing poverty and also causes affected persons to slip below the poverty threshold. At the same time, poverty and social and economic inequalities mean that people are less able to protect themselves against HIV infection.

Although there are increasing financial resources available worldwide for HIV/AIDS, they do not by any means cover the demand. Challenges for the future include the mobilisation of local and national leadership against HIV/AIDS, the reduction of the growing rates of infection

among women and young persons, the treatment and care of HIV/AIDS sufferers, combating stigma and discrimination, care of AIDS orphans, and the development and improvement of effective prevention programmes and programmes to reduce the effects of the epidemic.

ADC's continued support of UNAIDS is one contribution it can make to addressing these problems, and will also enable it to coordinate more with other donor organisations in partner countries and to take part in the international learning process and exchange of experience. HIV/AIDS will also be taken into account in ADC policies, bilateral strategies and projects and programmes.

Through the integration in ADC policies, strategies, projects and programmes in partner countries, ADC will:

- help prevent HIV/AIDS through measures aimed at reducing the infection risk and combating the underlying causes of the epidemic, and
- plan for the anticipated negative impact (through increased morbidity and mortality) of HIV/AIDS on the development projects supported by ADC.

HIV/AIDS will need to be taken into consideration in future at the conception stage of projects and programmes.

The increased commitment of ADC in future will also involve participating in political dialogue at the country level through the (enlarged) UNAIDS Theme Group and other coordination and discussion forums and encouraging the integration of HIV/AIDS in national and regional poverty reduction strategies and sector programmes. The targeted support of government and NGO programmes in partner countries – depending on the available resources – will also be considered. The substantive focus will be

defined as part of the HIV/AIDS policy and strategy development and adapted to the local and national needs in the field, the financing deficits in the donor community and the comparative advantages of ADC.

The development of an HIV/AIDS prevention programme for ADC employees in partner countries and possibly the support of partner organisations in the development of employee programmes will also be among the future tasks of ADC.

XIII. ADC instruments

The Three-Year Programme defines the areas of cooperation in ADC partner countries. Specific decisions are taken on the basis of the comparative advantages and strengths of ADC, the need identified by the partner country and the corresponding Austrian capacities.

Programme agreements setting out the bilateral project framework are normally concluded between the Federal Ministry for Foreign Affairs and the partner government. At the project level, ADC concludes agreements with the relevant partner institution in the country.

1. Instruments

1.1 Financing of programmes and projects

ADC provides services above all in the form of **programmes and projects**. These are carried out by various bodies selected on the basis of invitations to tender or – in the case of funded projects – an application procedure or call for proposals. There are also framework agreements with Austrian NGOs that regulate long-term structured cooperation.

As far as the **bilateral** resources for development cooperation are concerned, around 70 per cent are earmarked for six priority regions. The remainder is divided among other programme countries, special

programmes (such as Palestine), global programmes (such as co-financing with NGOs) and measures in Austria, notably development policy information and communication and development education.

In the event of an increase in available resources from 2006 onwards, the principle of geographical and thematic concentration will be continued and intensified in the medium term.

1.2 Budget financing / programme aid

The increase in responsibility for devising poverty reduction strategies (PRSP) by the partner countries in connection with HIPC debt relief has resulted in a greater willingness by the international donor community to finance programmes and budgets. Together with all other donors, Austria undertook in the Rome Declaration on Harmonisation of February 2003 to accept **flexible forms of aid** to attain the MDGs. The European Commission will develop cooperation within the framework of this instrument. ADC will analyse the experience to date with the instrument and examine the prerequisites (particularly regarding volume and organisational capacity) necessary for greater use to be made of it. Greater donor coordination (e.g. Uganda, Mozambique) and more possibilities regarding the harmonisation of donor procedures are likely.

1.3 Cooperation with bilateral and multilateral agencies

Cooperation with multilateral organisations and the financing of their projects from bilateral resources will be expedient above all in countries where joint financing with other donors is desired (e.g. projects to promote human rights) or where there is a connection with the bilateral core programme that cannot be sufficiently covered by ADC at the bilateral level.

1.4 Regional funding programmes

The aim here is to emphasise ADC thematic with a view to ensuring the quality of cooperation. Possible measures in this respect include:

- funding of South-South cooperation
- cooperation with other countries such as the new EU Member States
- collaboration in measures by supraregional specialist institutions

1.5 Co-financing of NGO programmes

In recognition of the often considerable contributions by private organisations, co-financing will be continued with **NGOs** and companies on a global level and with the EU. It is planned to increase the amount of co-financing with NGOs and companies.

1.6 Private sector and development

The prospects for business development can be improved in particular by making good structural, institutional and legal deficits and by raising the standard of education. To facilitate the involvement of Austrian enterprises in partner countries in pursuit of ADC goals, a closer look will be taken in future at the available funding and financing instruments (e.g. investment guarantees, export loans and start-up aid) to determine their suitability for combination with development cooperation

instruments, the decision on the instruments being the responsibility of the competent department.

As a further means of promoting cooperation with the private sector, the development of dynamic information networks through the deployment of Austrian experts in partner countries and international development and financial organisations is also envisaged. Closer links with the programmes of the EU Commission and UN organisations will also be sought.

1.7 Cooperation with the new EU Member States

Cooperation with the new EU Member States in the areas of development policy and development cooperation will be continued and enlarged.

2. Procedures

2.1 Competitive procurement procedures

Contracts are awarded in accordance with national and international regulations, such as the Federal Procurement Act of 2002. Following repeated recommendations by the Advisory Board on Development Policy and other bodies, the competitive aspect will continue to be taken into account with funding.

2.2 Call for proposals

The call for proposals procedure is provided for in the 2002 DCA. This instrument offers the donor – in this case the ADA – a good basis for targeted control in the implementation of the Three-Year Programme through the possibility of **selecting and financing ADC projects** in a **transparent, efficient and flexible** manner. At the same time it provides a direct incentive for the use of resources by non-State actors in ADC programme countries and can encourage cooperation between partner countries or within ADC priority regions.

2.3 NGO co-financing

The legal basis for funding projects, which also applies to NGOs, is the 2002 DCA. The following funding instruments have been set up on this basis:

■ NGO framework agreements

This instrument regulates long-term structured cooperation between an NGO and the ADA as a partner operating under private law. The NGO undertakes to provide an appropriate share of the funding and to orient its publicly funded measures towards the ADC geographical and thematic priorities.

■ NGO co-financing

For NGO and civil society initiatives that are not subject to a framework agreement with the ADA, co-financing of individual projects can be applied for within a defined budget line in accordance with the appropriate procedure.

■ Supplementary EU financing

Cooperation with and participation in European Community programmes by NGOs is an important concern for ADC. For this reason, NGO funding also provides for a separate budget line offering additional financing for NGO projects co-financed by the European Commission.

2.4 Development partnerships with the private sector

Austrian enterprises have been involved on numerous occasions in the implementation of ADC projects, particularly in South-Eastern Europe. The basic idea behind this new approach is to attract the private sector as a partner for joint projects and hence to mobilise private resources for development projects. The aim is to maximise the development-promoting effect of private investments by combining them with public funding. A new instrument, development partnerships between ADC and private enterprises, is currently being elaborated with a view to involving Austrian enterprises in the establishment of partner enterprises in developing countries so as to make sustainable use of local added value and knowledge transfer.

One strategic partnership in this context will be the cooperation in the internationalisation campaign by the Federal Ministry for Economic Affairs and Labour, for which a total of one million euros will be earmarked for ADC in the next two years.

Cooperation with the Centre for Development and Enterprise (CDE), a European Commission institution, will be continued with a view to further possible project financing.

3. Development information and communication, education and development-related cultural activities in Austria

3.1 Information and communication regarding Austrian development co-operation and cooperation with Eastern Europe

General goals

The aim of ADC information and communication is to communicate the government's goals and contributions and – in coordination with the funded development information and communication, education and cultural activities – the programmes and projects of the Austrian Development Cooperation and Cooperation with Eastern Europe. Like the rest of the international community, Austria recognises the MDGs as an approved yardstick and framework for international development policy. To achieve these goals, further efforts will be needed in future to improve the quantity and quality of development cooperation. The sustained and consistent approval by the people of Austria, decision-makers in the political, administrative, business and NGO spheres and sensitive and appropriate reporting in the media are helpful and beneficial in this respect.

The aims of ADC information and communication are therefore:

- to provide information on Austria's responsibility for and involvement in the development policies of the EU and the international community and on the specific activities and services provided by Austrian Development Cooperation and Cooperation with Eastern Europe in the selected partner countries
- to heighten awareness of the global context
- to strengthen acceptance/agreement by the Austrian people to a quantitative and qualitative improvement in Austrian

Development Cooperation and Cooperation with Eastern Europe

- to promote and develop communications, acceptance and cooperation between state bodies, organisations, interest groups, NGOs, enterprises and persons involved in Austrian Development Cooperation and Cooperation with Eastern Europe

Thematic focuses

Looking towards the UN Summit (MDGs + 5) in autumn 2005, the MDGs will continue to provide the communications framework for heightening public awareness of global efforts to reduce poverty, safeguard peace and protect the natural environment and for achieving acceptance and approval.

Information and communication in the years 2005 to 2007 will build on the activities in 2003/2004, providing information on the basis of specific themes and examples about the contributions required by the partner countries (Goals 1 to 7) and Austria (Goal 8) for the MDGs to be attained. Cooperation with funded activities, particularly projects financed from ADC resources, will strengthen and supplement public information and communication on development goals and the Austrian contribution to them.

Dialogue groups

Information and communication is aimed particularly at:

- decision-makers in the political, administrative and social sectors
- media (TV, radio, print, etc.)
- persons interested and involved in development policy
- once a year, around the International Day for the Eradication of Poverty (17 October) – within the framework of an interdisciplinary information initiative – the general public (intensive cross-media communication for a limited period)

3.2 Promoting development information and communication

Communication and education

The support of the Austrian people for development policy and development cooperation is contingent on active communication on development issues in Austrian society. Funding measures are therefore designed to encourage broad public participation in discussion of development policy and development cooperation. NGOs have a particularly important role to play in this respect as they have many contacts and much expertise in sustainable development and are an integral component, in terms both of finance and personnel, of Austrian society.

Global learning

The funding of development policy education is designed to encourage and strengthen global learning as a forward-looking substantive and educational concept in Austria. It concentrates on measures to establish global learning in formal education, with particular focus on close cooperation with the Federal Ministry of Education, Science and Culture and other relevant public and private organisations.

Quality and sustainability

Funding measures are designed to further improve substantive and methodological approaches in education, culture and public relations work. Quality development in the

individual programmes and the use of innovative forms of communication are essential prerequisites for funding. Sustainability of projects is achieved through ongoing concentration on priority themes and with selected target groups. Substantive and methodological growth is achieved through cooperation, particularly in the environmental, social, economic (including agricultural) and cultural fields.

Substantive focuses

- MDGs
- fair trade
- global learning
- dialogue of cultures

Regular calls for proposals intensify this focus.

Dialogue and target groups

The funded projects are aimed above all at multipliers, children and young persons, the media, decision-makers and groups and organisations.

Funding programme

The funding programme commissioned by the Federal Ministry for Foreign Affairs and elaborated by KommEnt (Society for Communication and Development) on development policy information, education, culture and public relations for 2004-2006 sets out the general funding criteria (www.komment.at).



Digression: **Role of NGOs** in the Austrian Development Cooperation

The contribution of non-State actors in development cooperation is an important component of the services offered to poor countries. State and non-State actors each have specific characteristics and ways of working that influence the effectiveness of their activities. NGOs provide a vital link between civil societies in the North, South and East. They are aware of the conditions and problems in the countries in which they operate, work with local partner organisations and also directly with the population groups concerned. NGOs are important as the link between strategic goals and practical implementation and also in the framework of national and international development policy dialogue. In their own country, NGOs contribute through information, communication and education work to knowledge of the international context, existing problems and their causes and possible solutions within the field of development cooperation. The role of NGOs is therefore multifaceted: as development cooperation and humanitarian aid project organisers, in advocacy and as providers of information and education.

An appreciable share of Austrian programme and project aid is provided by Austrian NGOs. Their contribution includes

projects based on NGO initiatives financed both by ADC resources and NGO funds. They are also involved in projects contributing to the direct implementation of ADC country and sector programmes. They are increasingly important as collaborators in multilateral development cooperation within the European Union. A further significant field of activities in Austria is development policy education, communication and advocacy.

The funding instruments were set up in 2005 and the possibilities for obtaining ADC funds to implement projects are listed below (see also Chapter XIII):

- NGO framework agreements
- NGO co-financing (ADC South and ADC East)
- supplementary EU financing
- development policy communication and education measures
- access to country and regional budget lines via calls for proposals and targeted funding agreements and through participation in invitations to tender



Digression: Harmonisation

In March 2002 the European Council adopted a decision at its meeting in Barcelona calling for closer coordination of development cooperation policies and harmonisation of the corresponding procedures. This undertaking was included with other aspects of trade and finance in the consensus achieved at the International Conference on Financing for Development in Monterrey in 2002.

In April 2003 the DAC members, the World Bank, the five multilateral development banks and the UN development organisations issued the Rome Declaration, which called for joint efforts (particularly in the framework of the MDGs) to harmonise donor practices on the basis of national development plans (poverty reduction strategies – PRSPs). The States also undertook to devise national action plans with specific measures and steps towards harmonisation and alignment in the partner countries.

The DAC Working Party on Aid Effectiveness and Donor Practices (WP-EFF) is coordinating the initial results of the Rome Declaration:

■ Ownership

More initiatives and coordination of aid by the partner countries

■ Alignment

Orientation by the donor community to the priorities of the partner countries

■ Harmonisation

Harmonised donor practice(s) in the partner countries to reduce transaction costs: joint agreements, simplified procedures, transparent exchange of information

Implementation is currently focusing on 14 DAC pilot countries. Three of these countries are ADC partner countries: Ethiopia, Mozambique and Nicaragua. ADC is also involved to varying degrees in the harmonisation efforts of all partner countries.

Guided by the strategic requirements and the Three-Year Programme, ADC will contribute actively to the harmonisation and coordination process to implement the Rome objectives through:

- participation by the coordination offices in donor coordination in the individual partner countries
- participation in the relevant DAC and European Commission working groups and UN bodies
- elaboration and presentation of an Austrian action plan.

As a relatively small donor by international standards, Austria seeks to identify niches in which it can play an active role on the basis of its expert and regional competence. In the programming phase

particular attention needs to be paid to complementarity with other donors, which could result in the medium term initially in changes in the geographical and/or sectoral priorities of ADC.

With a view to introducing simplified procedures, formal and legal aspects requiring particular effort and institutional coordination need to be identified. This applies for example to funding criteria,

reporting and accounting modalities and new instruments such as budget financing or SWAPs.

ADC regards the harmonisation agenda as an important means of achieving the MDGs more effectively and efficiently. It is therefore vital that all partners involved in this process in the North, South and East take responsibility for design, coordination and cooperation.

XIV. Forecast scenario – Austrian Official Development Assistance (ODA) 2005–2007

1. Austrian ODA 2003-2006

In 2003 Austria's total ODA amounted to 447 million euros (2002: 552 million euros), or 0.20 per cent of its GNI. In 2004 ODA amounted to 545 million euros, or 0.23 per cent of Austria's GNI. According to forecasts, the total ODA will be 0.45 per cent of the GNI in 2005 and 0.43 per cent of the GNI in 2006.

2. Forecast ODA 2005-2007

(see Annex 1)

2.1 Forecast scenario

A forecast scenario has been drawn up to estimate Austria's Official Development Assistance in the next few years based on the structure used last year. The table (annex A) of contributions by other federal bodies has been integrated in the forecast scenario.

2.2 Basis for forecast

ADA budget for development cooperation and cooperation with Eastern Europe including administrative costs Chapter 20 "Foreign affairs" of the 2004 federal budget listed 88.8 million euros for ADA funding. This amount was increased to

90.1 million euros in 2005 (increase of around 1.3 million euros) and to around 93.6 million euros in 2006 (increase of around 4.8 million euros compared with 2004). Of these amounts, around 11.72 million euros are taken up annually by the basic remuneration to ADA to cover its ongoing administrative costs. The funds budgeted for operative measures are available for development cooperation and cooperation with Eastern Europe. In 2005, some 90 per cent of the cooperation with Eastern Europe was counted towards Austria's ODA, and in 2006 the full amount was counted.

The resources of the ERP Fund, which are closely linked to the ADC budget and are now also managed by the ADA, were to be added to the budgeted funds for this purpose. The forecast was therefore based on the basic amount made available annually by the ERP Fund for programme and project aid funding (8 million euros).

For the year 2007 the budgeted amounts for 2006 were carried forward (without prejudicial significance) since the actual amounts are determined in the budget negotiations. Further debt relief measures in the framework of the extended HIPC initiative are to be expected. In connection with debt relief for Iraq, currently unforeseeable changes in the ODA ratio for the forecast period could occur.

Federal ODA funding (other departments)

Point 1.2.1 of the forecast scenario lists the ODA-eligible federal spending on bilateral funding and their development – in most cases carry-overs since accurate forecasts are not possible in this area. The reason for this is the lack of concordance between ODA eligibility and the corresponding budget allowances in many important cases (e.g. debt relief or contributions to peace missions by the Austrian armed forces) and also the difficulty in forecasting some ODA components (e.g. disaster relief and refugee aid) because of their unpredictability, which could lead to a deviation from the predicted ODA.

In a few cases described below the forecasts were not based on carry-overs.

Interest subsidies for loan financing

Following the change in Austrian reporting practice for Framework II export credits in consultation with the OECD/DAC, all of the interest subsidies financed from the federal budget for Framework II credits, which are regarded as non-repayable aid (ODA "grant") are now listed instead of the Framework II export financing that used to appear under the heading ODA loans.

For these components a value of zero was assumed for 2005 since the results for 2003 and 2004 were also zero and the budget for 2005 is equivalent to zero. For 2006 and 2007 outlays of around 10 million euros were listed as a rough estimate to allow for the anticipated rise in the level of interest.

Debt relief

The DAC has issued a special manual with a set of complex reporting and eligibility directives for this special aspect of development cooperation, whose observance is monitored by the DAC Secretariat so as to permit comparison on an international scale. These directives provide for different methods of calculation and reporting for the various types of debt relief, which can also differ significantly from one DAC Member State to another.

For example, with **debt service reduction** (DSR, Paris Club) in which debt relief is provided by extending the loan repayment period and reducing the interest, the annual ODA-eligible amount is the amount paid out of the federal budget for interest reduction for refinanced loans of this type.

For **debt reduction** (DR, Paris Club) some if not all of the repayable principal and interest – due or in arrears is cancelled – and in this case the lump sum method is used. This means that in a year in which a debt relief agreement of this type is concluded, the agreement is valued in terms of its ODA-eligible amount and the resultant total value is reported in one go. The Republic of Austria may refund the credit insurer at a later date, if necessary in instalments over a number of years. The budget provisions by the ministry responsible (Federal Ministry of Finance) are naturally based on these payment plans and do not therefore provide an appropriate basis for ODA forecasts in the case of debt reduction. For the long-term period until 2007 it is difficult to forecast when an agreement will be concluded and for what amount as this depends to a large extent on the procedures within the Paris Club.

The forecast is based on the prognoses by the Federal Ministry of Finance, which in the case of debt reduction are in the form of an approximation based on the knowledge at the time and are fraught with the uncertainty created by the unpredictability of the Paris Club negotiations. For 2006 a high level is anticipated since the agreement with Cameroon (topping up of the previous debt relief on achievement of the completion point by Cameroon) which was expected in 2003 is likely to be postponed until 2006. In 2007 the final payments associated with the HIPC initiative, which has been extended for two years until 2006, are expected.

Disaster relief and refugee aid

In view of the unpredictability of events that could lead to ODA-eligible amounts, results were carried forward.

In the component “asylum seekers”, an increase of 50 million euros per year for the period 2005 to 2007 was applied in view of the decision by the Supreme Court that the state is obliged to provide care for all asylum seekers.

For the technical assistance component **scholarships and imputed students costs** and for the other ODA contributions listed in point 1.2.1, the amounts are expected to remain constant. For the contributions to peace missions (or disaster relief) by the Austrian armed forces, considerable deviations from the forecast amounts could occur on account of the unpredictability of events necessitating payments.

No significant changes are anticipated in the ODA contributions by **federal provinces, municipalities**, chambers and other public bodies, and the amounts for these items were also maintained. (For the recent tsunami disaster the contribution by the federal provinces and municipalities is 16 million euros over a three-year period.)

Bilateral ODA loans

Following the change in the reporting system and the exclusion of Framework II export credits, the only remaining ODA credits are the ERP Fund and the World Bank co-financing loans, since start-up loans are insignificant in terms of volume and Federal Ministry for Foreign Affairs financial aid loans are being phased out. In view of the fact that repayments of World Bank co-financing loans are likely to exceed new payments (the net ODA loans balance is calculated as disbursements minus amortisations), a small and constant negative balance is expected here.

Multilateral contributions

United Nations

The contributions listed here consist of the eligible amounts of the budget managed by the Federal Ministry for Foreign Affairs for voluntary contributions to UN organisations and the eligible compulsory contributions and contributions by other departments.

International financial institutions

The forecasts for 2005 to 2007 are based on the anticipated capital replenishment in the form of capital subscriptions and on cash payments currently planned by the Federal Ministry of Finance. In the case of the special poverty-related soft windows in multilateral development banks a suitable increase to the level of OECD States with comparable economic performance is planned for the years 2005 to 2007 as an expression of solidarity in the international burden-sharing in the pursuit of the MDGs.

Austrian contribution to the EU budget

In 2003 around 3.943 million euros of the EU budget were devoted to development cooperation. This is equivalent to a contribution by Austria of around 91 million euros (2.28 per cent), which correspondingly increases the total amount of Austria's ODA payments. In 2004 the share was around 98 million euros (2.15 per cent). For the period 2005 to 2007 a round figure of 90 million euros was included in the forecast.

In 2003 and 2004, amounts of around 58 and 62 million euros were paid to the EDF. In subsequent years the anticipated amounts in accordance with the call-up plan notified by the Federal Ministry of Finance were used in the forecast.

2.3 Forecast results

ODA in 2003 was 0.20 per cent of the GNI, a drop compared with the previous year (0.26 per cent), explained above all by a decrease of debt cancellations and early repayment of ODA loans.

According to the final OECD/DAC figures the share in 2004 was 0.23 per cent. In 2005 a debt relief agreement with Iraq (around 1 billion euros) is to be concluded in three phases (2005 to 2008) with the instalments producing the following results for Austrian ODA: 0.45 per cent in 2005

and 0.43 per cent in 2006; a further substantial instalment will be due in 2008. The calculation for 2006 also includes the anticipated major debt relief agreement with Cameroon.

In 2007 it is highly probable that the impact of the Nigerian debt relief will again increase the ODA share to a level above the 0.33 per cent Barcelona commitment. From 2007, the target will be to achieve the increase in ODA to 0.51 per cent of the GNI by 2010 as agreed by the European Council.

Annex 1: Forecast scenario 2004–2006

Total ODA (million euros)	2001	2002	2003	Final result 2004	2005	2006
Forecast scenario 2004–2006 ¹	Results			Forecasts		
1 ODA bilateral	493.26	386.51	202.22	283.75	805	756
1.1 MFA/ADA, total ²	71.38	70.68	67.12	80.97	97	102
1.1.1 of which: budget (South)	54.88	56.61	53.28	68.72		
				ADC S and E	65	67
1.1.2 of which: ERP funds	8.55	5.7	5.21	4.13	8	8
1.1.3 of which: budget (East), ODA eligible	7.96	8.36	8.63		12	15
<i>Memo: total budget (East)</i>	<i>11.3</i>	<i>10.6</i>	<i>10.58</i>		14	15
1.1.4 ADA administrative costs				8,13	12	12
1.2 Other public donors	426.86	318.45	168.12	205.68	714	660
1.2.1 Federal government, other ministries	421.93	314.8	163.88	201.57	710	656
Investment project aid	0.12	1.55	0.21	0.01	2	2
Programme aid	2.24	1.52	0	0.19	2	2
Technical cooperation: scholarship, etc., state	18.21	16.38	16.65	16.56	16	16
Technical cooperation: imputed students' costs	38.59	37.55	41.33	38.14	41	41
Disaster relief/aid to refugees	26.12	30.69	31.39	43.88	51	51
of which: asylum seekers	22.92	30	30.19	41.59	50	50
other emergency aid ³	3.2	0.69	1.2	2.29	1	1
Debt reduction	271.16	176.78	36.22	74.79	549	485
of which: interest rate reductions	52.32	40.7	29.37	27.40	33	25
other debt reductions ⁴	218.84	136.08	6.84	47.40	515	460
Interest subsidies						
for loan financing	15.76	1.74	0	0.00	0	10
Other grants	49.74	48.6	38.1	28.00	50	50
of which: administrative costs (except ADA)	12.55	18.28	16.77	15.30	18	18
peacekeeping measures	35.65	28.29	19.27	10.45	30	30
other (development awareness, mixed forms, etc.)	1.53	2.02	2.06	2.25	2	2
1.2.2 Provinces and municipalities	4.92	3.65	4.24	4.11	4	4
of which: emergency aid	0.94	0.52	0.4	0.55-	-	-
1.3 Bilateral loans	-4.98	-2.62	-33.02	-2.90	-5	-5
2 ODA multilateral	213.66	165.43	244.56	261.67	267	323
2.1 Contributions to UN organisations	19.74	20.92	18.57	21.08	25	26
of which: MFA voluntary contributions			9.53	12.92	15	16
2.2 International financial institutions ⁵	87.36	38.62	73.67	76.84	75	120
2.3 Other organisations	2.12	2.16	2.74	2.89	2	2
2.4 EU	104.43	103.74	149.58	160.86	165	175
2.4.1 of which: budget	104.43	98.44	91.28	97.85	90	90
2.4.2 of which: EDF	0	5.3	58.3	62.01	75	85
3 Total ODA	706.93	551.95	446.78	545.42	1072	1080
in % of GNI	0.34	0.26	0.20	0.23	0.45	0.43
GNI in million euros	208,712	216,343	222,725	234,180	238,990	249,745

1) These data have no prejudicial significance for the budgetary provisions set out in the Federal Finance Act passed by the National Assembly in the years in question.

2) Detailed explanations on the forecasts can be found in paragraph 9.2.2 of the chapter "Forecast scenarios".

3) When the forecast scenario was drafted, the contributions to the flood disaster in South East Asia had not been allowed for.

4) The decision in the Paris Club on debt relief for Iraq and its bilateral implementation is allowed for in 2005-2006 with indicative amounts, but changes could occur as a result of the bilateral negotiations to come.

5) When the forecast scenario was drafted, negotiations on IDA-14 and AfD-X had not yet been completed and changes could therefore occur in the final distribution of the amounts over the years of the replenishment periods.



Annex 2: ADC programme matrix

Region/country Work area	ADC representation	Programme priority	Implementation 2005–2007
			Strategy Country programme Consultation Subprogrammes Instruments/procedures
CENTRAL AMERICA	Coordination office in Managua	Central American integration process Private business partnerships Sectors: agricultural development, MSME, social Latin America focus of Austrian EU Presidency 2006	ADC regional strategy to be verified <i>Instruments:</i> ¹ – regional exchange of experience – call for proposals – programming on the basis of initiatives of (local) NGOs; consultation with local and decentralised authorities
Nicaragua	Coordination office in Managua	Bilateral relations Agricultural development MSMEs Social sector	ADC strategy for 2006-08 in preparation ➔ country programme 2003–05 ➔ sector programme 2003–05 ➔ sector programme 2003–05 ➔ sector programme 2003–05 <i>Instruments:</i> Continuation of sector programmes Bilateral annual consultations Implementation of the results of an NGO evaluation
Guatemala	Coordination office in Managua	Agricultural development MSME Social sector: focus on bicultural education	Programming on the basis of initiatives of (local) NGOs; Consultations with local and decentralised authorities <i>Instruments:</i> call for proposals
El Salvador	Coordination office in Managua	Agricultural development Focus on adult education MSME promotion	Programming on the basis of initiatives of (local) NGOs; Consultations with local and decentralised authorities <i>Instruments:</i> call for proposals
AFRICA			Cooperation with regional organisations and projects connected with ADC thematic focuses
WEST AFRICA Sahel	MFA VII/ADA	Resources protection Conflict prevention	Regional exchange of experience Cooperation with regional institutions (Sahel Club, ENDA)

¹⁾ see DCA 2002

Region/country Work area	ADC representation	Programme priority	Implementation 2005–2007
Cape Verde	Coordination office in Praia	Bilateral relations	ADC strategy for 2006–08 in preparation ➡ bilateral cooperation agreement (PIC) 2003–05 (continuation 2006–08 in preparation) Bilateral consultations/work programme <i>Instruments:</i> – project agreements – programme aid
		Education (focus: vocational qualifications) and development of human resources in priority sectors)	Subprogramme 2006–08 in preparation
		Water supply and disposal, decentralisation and environ- mental protection	Subprogramme 2006–08 in preparation
Senegal	Coordination office in Dakar	Food aid	Bilateral agreement 2003–05
		Rural development Productive sector	ADC strategy under review Core programme coordinated with NGOs NGO co-financing
Burkina Faso	Coordination office in Ouagadougou	Bilateral relations	➡ bilateral cooperation agreement Annual bilateral consultations ADC strategy 2005–08 in preparation <i>Instruments</i> project agreements <i>Complementary instruments:</i> science pool multi/bilateral cooperation NGO co-financing
		Rural development	➡ sector programme 2003–05, continuation 2006–08
		Vocational training and technical studies	➡ sector programme 2003–05, continuation 2006–08
SOUTHERN AFRICA	MFA VII/ADA	Consolidating results to date of ADC projects	Regional ADC strategy under review
Mozambique	Coordination office in Beira and liaison office in Maputo	Bilateral relations:	➡ country programme 2002–04 to be extended until the end of 2005 ADC strategy 2006–08 in preparation
		Reduction of absolute poverty among families in rural areas of Sofala province	<i>Instruments:</i> programme aid technical aid NGO co-financing multi/bilateral projects university cooperation implementation of recommendations from evaluation of country programme 2003/04

Region/country Work area	ADC representation	Programme priority	Implementation 2005–2007
Namibia	MFA VII/ADA	Democracy and human rights Jurisdiction of young persons and promotion of women	NGO projects and cooperation with the Namibian Ministry of Justice <i>Instruments:</i> technical aid and organisation development
Zimbabwe	BMAA-VII/ADA	Support of local initiatives	NGO projects
Republic of South Africa	BMAA-VII/ADA	Decentralisation and district development	Cooperation with regional bodies and NGOs
EAST AFRICA	MFA VII/ADA Coordination office in Kampala Coordination office in Addis Ababa	Regional capacity development Scientific cooperation Peace promotion	Projects with regional scope
Ethiopia	Coordination office in Addis Ababa	Bilateral relations	⇒ country programme 2004–06
		Amhara region: food security	⇒ sector programme
		Somali region: health	⇒ sector programme
		Energy	⇒ sector programme
		Women and democracy	⇒ sector programme Ethiopian public and private bodies, media
			<i>Complementary instruments:</i> Science pool NGO co-financing Multi/bilateral projects
Kenya	Austrian Embassy in Nairobi/ coordination office in Kampala	Water supply and disposal	NGO co-financing
		National Civic Education Programme	Trust fund
Rwanda	Coordination office in Kampala	Water supply Democracy Reconciliation	Bilaterale project agreements Multilateral cooperation
Burundi	Coordination office in Kampala	Political and material reconstruction Water supply Democracy and human rights	Bi- and multilateral cooperation; NGOs <i>Instrument:</i> project agreement

Region/country Work area	ADC representation	Programme priority	Implementation 2005–2007
Uganda	Coordination office in Kampala	Bilateral relations	Medium-term ADC strategy 2006–08 in preparation ➡ country programme 2003–05 ➡ bilateral ADC agreement 2003–05
		Water and sanitation	
		Private sector	
		Good governance and legal development	➡ sector programme 2003–05
		Decentralisation	project agreement
		Education and training	University cooperation, local scholarship programmes
Tanzania	Coordination office in Kampala – no local representation	Aid programme for northern Uganda	
		Rural district development	Medium-term ADC strategy under review project agreement
MEDITERRANEAN	MFA VII/ADA	Considered phasing out of ADC projects to safeguard results	Supplementary phasing out agreements
MIDDLE EAST	MFA VII/ADA	Business and development	Cooperation with European Commission MEDA programmes
		Austrian contribution to UNRWA Promotion of dialogue between Palestine and Israel	ADC strategy 2005–08
Palestine	Coordination office in Ramallah	Specific contributions to Middle East peace process	ADC strategy 2005–08 <i>Instruments:</i> – strengthening civil society structures – pool for small local projects
		Water supply	project agreement
		Health services	project agreement
		Humanitarian aid / crisis intervention with rehabilitation, job and income creation	Multilateral cooperation
Western Sahara	MFA VII/ADA	Education Infrastructure of refugee camps	NGO cooperation Humanitarian aid
Iraq	MFA VII/ADA	Contribution to reconstruction Health: war-traumatised children Kinder	Case-by-case cooperation with multilateral organisations, Human Security Network and NGOs <i>Instruments/processes:</i> – local capacity building – training

Region/country Work area	ADC representation	Programme priority	Implementation 2005–2007
Afghanistan	MFA VII/ADA	Contribution to reconstruction Democracy / women's rights Health Drug control	Short-term ADC strategy 2004–06 <i>Instruments/processes:</i> call for proposals (NGOs), cooperation with multilateral organisations
HIMALAYA HINDUKUSH	Coordination office in Thimpu	Regional cooperation through applied research	Cooperation and exchange of experience with ICIMOD regional research institution project agreement
Bhutan	Coordination office in Thimpu	Bilateral relations	ADC strategy 2006–08 in preparation Bilateral annual consultations <i>Instruments:</i> project agreement with priority for national implementation responsibility
		Energy	→ sector energy programme
		Mountain ecology	project agreement
		Tourism	project agreement
		Cultural cooperation	project agreement
Nepal	MFA VII/ADA	Rural development Tourism Cultural cooperation	ADC strategy 2006–08 being adapted to situation Programming on the basis of NGO initiatives NGO co-financing
Pakistan	BMaA – VII/ADA	Considered phasing out of ADC projects to safeguard results der Ergebnisse	Supplementary phasing out agreements in the areas: health care of Afghani refugees, socioeconomic development of Afghani refugees with focus on women and strengthening of civil society structures in forest management
SOUTH EAST ASIA	MFA VII/ADA	Academic initial, advanced and specialist vocational training Business and development	Medium-term ADC strategy 2005–07 for a regional programme in preparation <i>Instruments:</i> – scientific cooperation – networks – courses Call for proposals

Region/country Work area	ADC representation	Programme priority	Implementation 2005–2007
SOUTH-EASTERN EUROPE regional cooperation	All SE Europe co-ordination offices, MFA VII/ADA	Cooperation in ADC-E priority fields in which regional cooperation is of importance (e.g. combating trafficking in human beings) Transnational projects in border regions Stronger emphasis on business and employment	⇒ ADC regional cooperation with South-Eastern Europe strategy (June 2004) Close cooperation with the Stability Pact or South-Eastern Europe International cooperation, particularly with IFIs
Albania	Coordination office in Tirana	Environment, water, energy Education Rural development	⇒ ADC country programme 2004/05 Continuation 2006–08 planned In addition: know-how transfer centre (small-scale administrative cooperation), NGO co-financing line and cooperation with Austrian private sector
	Coordination office in Sarajevo	Education Business and employment Cross-sectional theme: strengthening shared identity and state as a whole	⇒ ADC country programme 2005–07 In addition: know-how transfer centre (small-scale administrative cooperation), NGO co-financing line and cooperation with Austrian private sector
Bosnia and Herzegovina	Coordination office in Sarajevo	Education Business and employment Cross-sectional theme: strengthening shared identity and state of Bosnia and Herzegovina as a whole	⇒ ADC country programme 2005–07 In addition: know-how transfer centre (small-scale administrative cooperation) NGO co-financing line and cooperation with Austrian private sector
Bulgaria	MFA VII/ADA		ADC phasing out strategy (May 2004) Know-how transfer centre (small-scale administrative cooperation) NGO co-financing line Cooperation with Austrian private sector
Croatia	Coordination office in Sarajevo	Business and employment Education	⇒ ADC country programme 2004–05 In addition: know-how transfer centre (small-scale administrative cooperation) NGO co-financing line and cooperation with Austrian private sector

Region/country Work area	ADC representation	Programme priority	Implementation 2005–2007
Macedonia	Coordination office in Skopje	Environment, water, energy Rural development Cross-sectional theme: institution building, conflict prevention and reconciliation	➔ ADC country programme 2005–07 In addition: know-how transfer centre (small-scale administrative cooperation) NGO co-financing line and cooperation with Austrian private sector
Moldova	Liaison office of the Austrian Embassy in Bucharest	Social welfare Further areas to be determined	ADC programme gradually being developed Call for Proposals In addition: know-how transfer centre (small-scale administrative cooperation), NGO co-financing line and cooperation with Austrian private sector
Romania	MFA VII/ADA		ADC phasing out strategy (May 2004) Know-how transfer centre (small-scale administrative cooperation) NGO co-financing line Cooperation with Austrian private sector
Serbia	Coordination office in Belgrade	To date: Environment, water, energy Education Social welfare Planned: development of business and employment	ADC country programme 2005–07 in preparation In addition: know-how transfer centre (small-scale administrative cooperation) NGO co-financing line and cooperation with Austrian private sector
Montenegro	Coordination office in Belgrade	Regional development/tourism SME promotion Education	➔ ADC country programme 2004/05 Continuation/further development 2006–08 planned In addition: know-how transfer centre (small-scale administrative cooperation) NGO co-financing line and cooperation with Austrian private sector
Kosovo	Coordination office in Belgrade	Education Water Business and employment Cross-sectional theme: conflict prevention and reconciliation	➔ ADC country programme 2004/05 Continuation/further development 2006–08 planned In addition: know-how transfer centre (small-scale administrative cooperation) NGO co-financing line and cooperation with Austrian private sector
EASTERN EUROPE AND CENTRAL ASIA	MFA VII/ADA		Know-how transfer centre (small-scale administrative cooperation) NGO co-financing line Possible cooperation with Austrian private sector

Region/country Work area	ADC representation	Programme priority	Implementation 2005–2007
GLOBAL: co-financing with private donors	ADA, communal credit, NGOs, coordination offices (some)	NGO projects complementary to or outside regional bilateral development cooperation programmes	<ul style="list-style-type: none"> – EU co-financing for development organisations – framework agreements with Austrian NGOs – co-financing ADA/Austrian NGOs – development partnerships with the private sector
GLOBAL: education cooperation	MFA VII, ADA, coordination offices and Austrian embassies	Basic education Vocational training Scientific cooperation Usually complementary to country programmes with partner countries	<ul style="list-style-type: none"> Consultancy Networks Courses Study Research projects Workshops Curriculum development Teacher training Personnel and organisation development North-South dialogue scholarship programmes Courses
GLOBAL: humanitarian aid	MFA VII/ADA	Individual disaster relief and emergency aid measures especially in ADC priority areas	<ul style="list-style-type: none"> Development of an ADC policy for humanitarian aid <i>Instruments/processes:</i> <ul style="list-style-type: none"> – interministerial coordination – food aid – cooperation with EU (ECHO, food security budget line)
AUSTRIA: information and communication education and cultural activities	MFA VII, ADA, coordination offices	ADC information and communication in the Federal Ministry for Foreign Affairs Funding of development information education, cultural activities and PR work carried out by private organisations	<ul style="list-style-type: none"> Thematic focuses: ADC, MDGs, poverty, peace, environment Publications, press and media work Thematic focuses: global learning, MDG materials, events, education and culture, service centres
AUSTRIA: ADC logistics infrastructure	ADA	Operative capacity and quality assurance for ADC/ADA	<ul style="list-style-type: none"> Services of specialist organisations and consultants Documentation Evaluation Consultants/studies
Collaboration in development policy institutions and committees		Development policy issues in the EU, UN and DAC	<ul style="list-style-type: none"> Employees in corresponding Austrian representations and Austrian experts

Annex 3: DAC country list

PART I: Developing countries (and territories) official development assistance (ODA)					PART II: Countries (and territories) in transition – official aid (OA)	
LDCs (least developed countries)	Other LICs (low income countries per capita GNI 2001 < \$745)	LMICs (lower middle income countries per capita GNI 2001 \$746-\$2975)	UMICs (upper middle income countries per capita GNI 2001 \$2976-\$9205)	HICs (high income countries per capita GNI 2001 > \$9206)	CEECs/NIS (Central and Eastern European Countries and New Independ- ent States of the former Soviet Union)	MADCs (more advanced developing countries and territories)
Afghanistan	Armenia*	Albania*	Botswana	Bahrain	Belarus*	Aruba+
Angola	Azerbaijan*	Algeria	Brazil		Bulgaria*	Bahamas
Bangladesh	Cameroon	Belize	Chile		Czech Republic*	Bermuda+
Benin	Congo, Rep.	Bolivia	Cook Is.		Estonia*	Brunei
Bhutan	Côte d'Ivoire	Bosnia &	Costa Rica		Hungary*	Cayman Is.+
Burkina Faso	Georgia	Herzegovina	Croatia		Latvia*	Chinese Taipei
Burundi	Ghana	China	Dominica		Lithuania*	(Taiwan)
Cambodia	India	Colombia	Gabon		Poland*	Cyprus
Cape Verde	Indonesia	Cuba	Grenada		Romania*	Falkland Islands
Central African Rep.	Kenya	Dominican Rep.	Lebanon		Russian	French
Chad	Korea, DPR	Ecuador	Malaysia		Federation*	Polynesia+
Comoros	Kyrgyz Republic*	El Salvador	Mauritius		Slovak Republic*	Gibraltar+
Congo, Dem. Rep.	Moldova*	Egypt	Mayotte+		Ukraine*	Hong Kong,
Djibouti	Mongolia	Fiji	Nauru			China+
Equatorial Guinea	Nicaragua	Guatemala	Panama			Israel
Eritrea	Nigeria	Guyana	St. Helena+			Korea, Rep.
Ethiopia	Pakistan	Honduras	St. Lucia			Kuwait
Gambia	Papua New Guinea	Iran	Venezuela			Libya
Guinea	Tajikistan*	Iraq				Macao+
Guinea-Bissau	Uzbekistan*	Jamaica				Malta
Haiti	Vietnam	Zimbabwe	Jordan	UMIC/WB loan		Netherlands Antilles
Kiribati			Kazakhstan*	threshold for		New Caledonia
Laos			Marshall Is.	World Bank		Qatar
Lesotho			Macedonia	loan eligibility		Singapore
Liberia			Micronesia	(per capita GNI		Slovenia
Madagascar			Morocco	in 2001 \$5185)		United Arab
Malawi			Namibia			Emirates
Maldives			Niue			Virgin Islands (UK)
Mali			Palestinian	Anguilla+		
Mauritania			Administered Areas	Antigua & Barbuda		
Mozambique			Paraguay	Argentina		
Myanmar			Peru	Barbados		
Nepal			Philippines	Mexico		
Niger			Serbia &	Montserrat+		
Rwanda			Montenegro	Oman		
Samoa			Suriname	Palau		
São Tomé & Príncipe			Sri Lanka	Saudi Arabia		
Senegal			St. Vincent &	Seychelles		
Sierra Leone			Grenadines	St. Kitts & Nevis		
Solomon Is.			South Africa	Trinidad & Tobago		
Somalia			Swaziland	Turks & Caicos Is.		
Sudan			Syria	Uruguay		
Tanzania			Thailand			
Timor-Leste			Tokelau+			
Togo			Tonga			
Tuvalu			Tunisia			
Uganda			Turkey			
Vanuatu			Turkmenistan*			
Yemen			Wallis & Futuna+			
Zambia						

+ Territories

* CEECs/NIS

Recipients of Eastern European development subsidies

Annex 4: Millennium Development Goals and targets

Goal 1: Eradicate extreme poverty and hunger

Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day

Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

Goal 2: Achieve universal primary education

Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Goal 3: Promote gender equality and empower women

Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015

Goal 4: Reduce child mortality

Target 5: Reduce by two thirds, between 1990 and 2015, the under-five mortality rate

Goal 5: Improve maternal health

Target 6: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio

Goal 6: Combat HIV/AIDS, malaria and other diseases

Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS

Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

Goal 7: Ensure environmental stability

Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the losses of environmental resources

Target 10: Halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation

Target 11: Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers

Goal 8: Build a global partnership for development

Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. It includes a commitment to good governance, development, and poverty reduction - both nationally and internationally

Target 13: Address the special needs of the least developed countries. Includes: tariff and quota-free access for least-developed countries' exports; enhanced programme of debt relief for HIPC countries and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction

Target 14: Address the special needs of landlocked countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly)

Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

Target 16: In cooperation with developing countries, develop and implement strategies for decent and productive work for youth

Target 17: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries

Target 18: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

Annex 5: Abbreviations

ADA	Austrian Development Agency
ADB	Asian Development Bank
ADC	Austrian Development Cooperation
AfDB	African Development Bank
AIDCO	Europe Aid Cooperation Office
AsDF	Asian Development Fund
AU	African Union
CAP	Consolidated Appeals Process
CCA	Common Country Assessment
CDE	Centre for Development and Enterprise
CEECs	Central and Eastern European countries
CGIAR	Consultative Group on International Agricultural Research
CSD	Commission on Sustainable Development
DAC	Development Assistance Committee
DCA	Development Cooperation Act
DG	Directorate General
DR	debt reduction
DSR	debt service reduction
EBRD	European Bank for Reconstruction and Development
ECHO	Humanitarian Aid Office of the European Commission
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EIB	European Investment Bank
ERP	European Recovery Programme
EU	European Union
FSO	Fund for Special Operations
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GNI	gross national income
HICs	high income countries
HIPC	heavily indebted poor countries
HR/HS	human rights/human security
IAEB	Inter-American Development Bank
IASC	Interagency Standing Committee
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDP	internally displaced persons
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFI	international financial institution
IIC	Inter-American Investment Corporation
ILO	International Labour Organization
IOM	International Organization for Migration
IRCC	International Red Cross Committee
LDCs	least developed countries
LICs	low income countries
LMICs	lower middle income countries

LRRD	linking relief, rehabilitation, reconstruction, development
MADCs	more advanced developing countries
MDGs	Millennium Development Goals
MFA	Federal Ministry for Foreign Affairs
MIGA	Multilateral Investment Guarantee Agency
MSME	micro, small and medium-sized companies
NEPAD	New Partnership for African Development
NGO	non-governmental organisation
NIS	New Independent States
OA	Official Aid
OCHA	Office for the Co-ordination of Humanitarian Affairs
ODA	Official Development Assistance
ODC	Office on Drugs and Crime
OECD	Organisation for Economic Co-operation and Development
OHCHR	Office of UN High Commissioner for Human Rights
PRSPs	Poverty Reduction Strategy Papers
SADC	Southern African Development Community
SEE	South-Eastern Europe
SME	small and medium-sized enterprises
SWAP	sector-wide approach
SWTWS	South Western Towns Water Sanitation
UMICs	upper middle income countries
UN	United Nations
UNAIDS	United Nations Programme on HIV/AIDS
UNCHR	United Nations High Commissioner for Refugees
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDCP	United Nations Drug Control Programme
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
WB	World Bank
WFP	World Food Programme
WHO	World Health Organization
WP-EFF	Working Party on Aid Effectiveness and Donor Practices (DAC)
WSP	Water & Sanitation Programme (World Bank)
WTO	World Trade Organization

