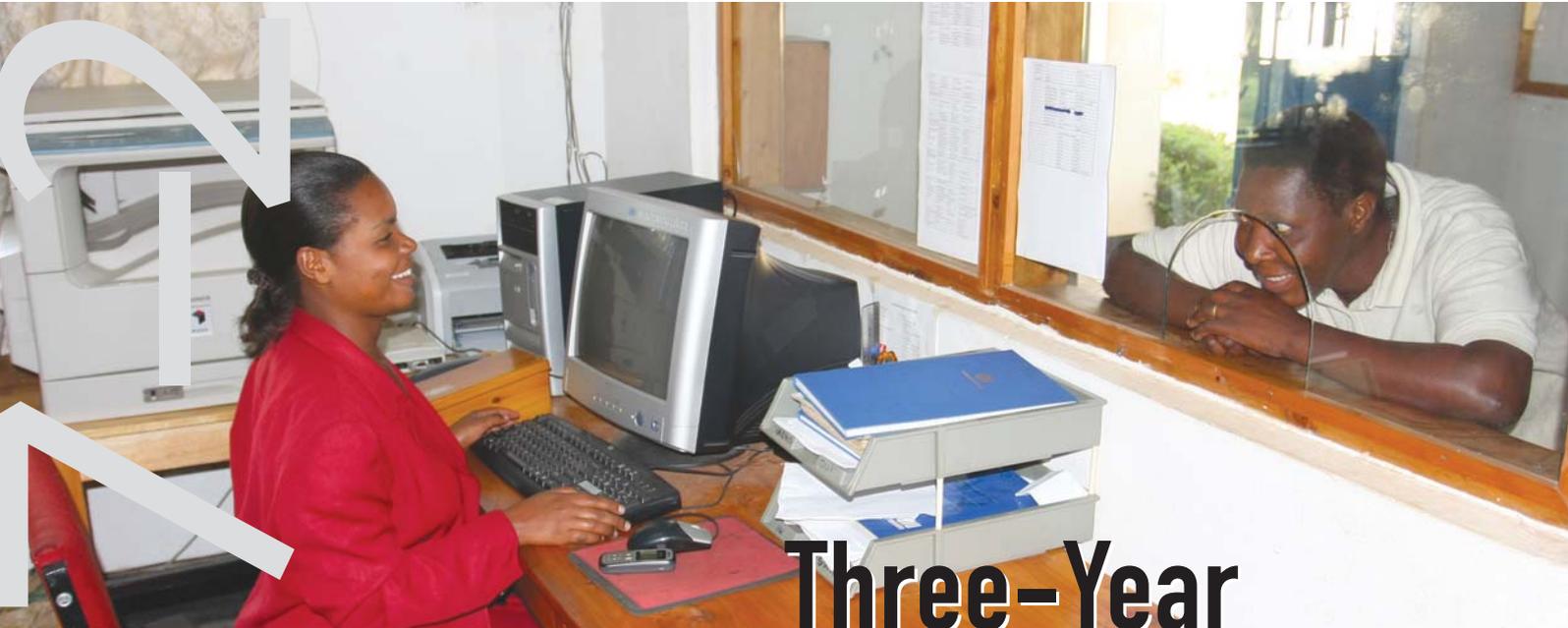


2009



Three-Year Programme

on Austrian Development Policy
2007–2009

Revised version 2007

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European and International Affairs

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Abbreviations

AAA	Agenda on Action of Accra
ADC	Austrian Development Cooperation and Cooperation with Eastern Europe
ACP	African, Caribbean and Pacific states
ADA	Austrian Development Agency
ADEA	Association for the Development of Education in Africa
AfDF	African Development Fund
APRM	African Peer Review Mechanism
AsDF	Asian Development Fund
AU	African Union
CARICOM	Caribbean Community
CCAD	Central American Commission of Environment and Development
COMESA	Common Market for Eastern and Southern Africa
CPC	Cleaner Production Centre
CREAF	Centre de réflexion Europe-Afrique pour la prévention des conflits
CSR	Corporate social responsibility
DAC	OECD Development Assistance Committee
EAC	East African Community
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EIB	European Investment Bank
ENDA	Environnement et Développement du Tiers Monde
EPAs	Economic Partnership Agreements
ERP	European Recovery Programme
ESMAP	Energy Sector Management Assistance Programme
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GNI	Gross national income
FIAS	Foreign Investment Advisory Service
HIPC	Heavily indebted poor countries
IADB	Inter-American Development Bank
ICIMOD	International Centre for Integrated Mountain Development
ICRC	International Committee of the Red Cross
IDA	International Development Association
IDP	Internally displaced person
IFI(s)	International financial institution(s)
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
IO	Internationalisation Offensive
IOM	International Organization for Migration
IPA	EU Instrument for Pre-Accession Assistance
ITF	Infrastructure Trust Fund

IWC	International Women's Commission
JI/CDM	Joint Implementation and Clean Development Mechanism
JPO	Junior Professional Officer
LAC	Latin America – Caribbean
LDC	Least developed country
MDB	Multilateral development bank
MDG	Millennium Development Goal
MENA	Middle East and North Africa
MIC	Middle income country
MOPAN	Multilateral Organizations Performance Assessment Network
MoU	Memorandum of Understanding
MS	Member State
MSME	Micro, small and medium-sized enterprise
NEPAD	New Partnership for Africa's Development
NGO	Non-governmental organisation
OCHA	Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PIDG	Private Infrastructure Development Group
PRGF	Poverty Reduction and Growth Facility
PRS(P)	Poverty Reduction Strategy (Papers/Process)
RAAN	Región Autónoma del Atlántico Norte
RCC	Regional Cooperation Council
REAL 2006	Integración Regional, Cooperación intercontinental entre la UE y América Latina y la cuestión de pobreza, desarrollo y democracia
REPARIS	Road to Europe: Programme of Accounting Reform and Institutional Strengthening
SADC	Southern African Development Community
SC	Security Council
SDC	Swiss Agency for Development Cooperation
SICA	Sistema de la Integración Centroamericana
SME	Small and medium-sized enterprise
SWAP	Sector-wide approach
TFA	Trust Fund Agreement
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UN HABITAT	United Nations Human Settlements Programme
UNHCR	Office of the UN High Commissioner for Refugees
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNODC	United Nations Office on Drugs and Crime
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNV	United Nations Volunteers programme
WB	World Bank
WBI	World Bank Institute
WTO	World Trade Organization



Foreword

This Three-Year Programme on Austrian development policy places the poverty reduction efforts of the Austrian Federal Government on a new footing:

First, it clusters four major sectors – energy, education, health, technology for small and medium-sized enterprises (SMEs) – as envisaged in the government programme for 2007–2010, thus setting new accents in development cooperation. It also caters for the foundation of the Austrian Development Bank through the promulgation of a federal act scheduled to enter force at the beginning of 2008, also stipulated in the government programme.

Second, it takes account of Austria's international pledge to allot 0.51% of its gross national income (GNI) to development cooperation by 2010.

Third, in tandem with increased funding, Austrian development policy must be made more effective. With a view to policy coherence, we are also taking methodical steps to sound out ways for other policy fields to contribute to development in our partner countries. This Three-Year Programme highlights cooperation in environmental and climate issues as well as in the education sector, where we are in the process of drafting a strategy for adoption by the Federal Government.

Development policy and the practical projects in development cooperation are essential aspects of our foreign policy, which seeks to contribute to peace and prosperity and to greater human security in Austria, Europe and worldwide.

Dr Ursula Plassnik
Federal Minister for European and
International Affairs

Dr Hans Winkler
State Secretary in the Federal Ministry
for European and International Affairs

Vienna, December 2007



Part I: Strategic framework

Between 2005 and 2008, Austria contributed substantially more than the EU target of 0.33% of GNI to ODA, with 0.52% in 2005, 0.48% in 2006¹ and an estimated 0.49% in 2007 and 0.50% in 2008.

In its programme for the XXIIIrd legislature, the Austrian Federal Government has pledged to abide by the EU Council resolutions calling for earmarking 0.51% of GNI for ODA by 2010. In view of the limited budgetary funds available, however, this target will be difficult to meet, particularly as debt reduction will diminish a great deal as of 2009. With this target in view, 2009, the last year of the Three-Year Programme, is already important for planning purposes.

At the date of preparation of this Three-Year Programme, it is impossible to tell how much funding will actually be allocated for Austrian development cooperation and cooperation with Eastern Europe (ADC) in the 2009 budget. ADC funds in 2009 are decided in the budget procedure for that year.

Priority countries/key regions

The priority countries/key regions to date have been retained.

ADC key regions	ADC priority countries
<ul style="list-style-type: none"> ■ Central America ■ West Africa/Sahel ■ East Africa ■ Southern Africa ■ Himalayas-Hindu Kush ■ South Eastern Europe/Western Balkans ■ South Caucasus 	<ul style="list-style-type: none"> ■ Nicaragua ■ Cape Verde, Burkina Faso ■ Ethiopia, Uganda ■ Mozambique ■ Bhutan ■ Albania, Bosnia and Herzegovina, Macedonia, Moldova, Montenegro, Serbia including Kosovo ■ Palestinian Territories

¹) This figure is based on the preliminary notification to OECD/DAC.

A concern in the planning period is to actively support the ongoing development of relations between Cape Verde and the EU. Thanks to its development record, Cape Verde has been able to advance beyond its previous least developed country status. It has also made determined efforts to upgrade its relations with the EU into a special partnership, shifting away from the donor – recipient country setup towards joint consultation on questions of mutual interest. Under the Portuguese Presidency, the Commission will submit a communication for framing a strategy for this basic idea. At a meeting with the Foreign Minister of Cape Verde on 14 May 2007, Austria signalled its support for this undertaking.

Progress in relations between the EU and Cape Verde in this direction could affect Austrian field operations in the medium term. Instead of maintaining a separate coordination office in Praia, one option after the end of 2008 could be to assign an Austrian development expert to the EC delegation office.

Coinciding with the expiry of personnel contracts, the anomalous situation in Dakar over recent years with both a coordination office and an embassy – although the major regional organisations for West Africa are not based there and Senegal is not a priority country – could also be corrected in the programme period by closing down the separate coordination office and assigning a development expert to the Austrian Embassy in Dakar to continue with the effective programmes underway.

After a detailed appraisal of options and accounting for the comparative advantage of Austrian development cooperation, the newly available capacity will be redeployed in a sub-Saharan country.

The list of priority countries also remains unchanged in South Eastern Europe. In the light of the new EU programmes and the regional commitments of the Austrian private sector, a baseline study on opportunities for Austrian development policy in South Eastern Europe commissioned for completion by the end of 2007 will pave the way for setting possible new priorities for implementation under the Three-Year Programme 2008–2010 – with special emphasis placed on poverty reduction measures.

Moreover, the Federal Ministry for European and International Affairs will examine the possibility of developing a new programme focus in the South Caucasus region. Depending on budget finances, this will also be specified in the Three-Year Programme 2008–2010.

Under the Central America regional programme, ADC will cooperate with CARICOM, particularly in disaster relief, international collaboration in drug trafficking enforcement (as a follow-up to the EU-LAC summit under the Austrian Presidency) and in climate.

Focal themes

Drafted in line with the ADC thematic policy documents, the list of priority themes has been retained. Under the government programme for the XXIIIrd legislature, the health cluster will be added to the previous activity areas. In education, the Federal Ministry for European and International Affairs is engaged in active dialogue with a number of other ministries and representatives of the federal states and municipalities to draw up guidelines for a joint nationwide approach towards education, science and research in development cooperation. A joint strategy is also being devised on environment and climate with the lead agency, the Federal Ministry of Agriculture, Forestry, Environment and Water Management and other stakeholders, such as the Federal Ministry of Finance, the Federal Ministry of Economics and Labour and the Austrian Federal Economic Chamber.

ADC priority themes

- | | |
|------------------------|------------------------------|
| ■ Water and sanitation | ■ Private sector development |
| ■ Rural development | ■ Education |
| ■ Energy | ■ Good governance |

ODA modalities

Austria will also adhere to a mix of different modalities for ODA in the planning period. Technical project and programme assistance and NGO cofinance will be continued. Budget support will be evaluated for 2008, which will provide valuable pointers for the way forward.

Development bank

In its programme for the XXIIIrd legislature, the Federal Government also provides for assessing prospects for setting up a development bank.

This assessment will culminate in the foundation of the Austrian Development Bank as a subsidiary of the Kontrollbank at the beginning of 2008. The bank will support commercially self-supporting private sector projects in developing countries that meet developmental criteria (such as poverty reduction, employment, gender relevance, know-how transfer) through various instruments, such as equity contributions, mezzanine finance, fund participation, participating interests in banks, long-term loans, refinance lines for banks and cofinancing with other European development banks and international financial institutions.

The bank will be entrusted with a clear developmental mandate in pursuance of the goals and principles of Austrian development policy as per the Development Cooperation Act and the specifications of the current Three-Year Programme, and its compliance with these will be overseen by the Federal Ministry for European and International Affairs in the corporate bodies. This developmental mission will also take effect in regional priorities: The business plan of the Development Bank envisages a share of about 20% of core business in LDCs in the medium term.

The Austrian Development Bank will operate along precisely defined lines with the Austrian Development Agency (ADA) and in close consultation with it. Location permitting and whenever expedient, the ADC coordination offices will be involved in project identification and appraisal and in monitoring implementation.

Cooperation with NGOs

The gradual shift towards new modes of development cooperation will not detract from the important role played by Austrian and local NGOs in programme implementation. Austrian NGOs will also continue with their major tasks of conducting policy dialogue with government agencies, facilitated as in previous years by regular meetings held by the Federal Ministry for European and International Affairs, and acting as advocates of development policy in general. The build-up of development cooperation capabilities in the new EU member states will afford Austrian NGOs new scope for activities as will the need to promote effective civil society institutions in partner countries.

Private sector and development/Private sector development

Private sector and development aims at promoting economic development in ADC partner countries. Economic development is a necessary but insufficient precondition for sustainable poverty reduction in developing countries. This is why ADC emphasises promoting pro-poor growth in its interventions here, the aim being to benefit an above-average ratio of the poor population and thus alleviate the inequitable distribution of wealth. Geographically, these operations concentrate on ADC priority countries and adopt a trilateral approach:

- Enhancing the framework for private sector engagements in partner countries (enabling environment)
- Measures to promote micro, small and medium-sized enterprises
- Harnessing the potential of European/Austrian industry and commerce
The Internationalisation Offensive (IO) of the Federal Ministry of Economics and Labour also plays a major complementary role in this connection.

Of particular relevance for private sector and development/private sector development, aid for trade is dealt with in more detail in Chapter III.2.

International Project Network supports projects in emerging markets

Every year, the European Union and international financial institutions (IFIs), such as the World Bank and EBRD, and regional development banks finance projects worth over EUR 50 billion. The new division in the Austrian Trade Agency aims at raising the allocation of funds paid to the IFIs for Austrian industry and commerce and providing any necessary assistance to companies interested in projects in emerging markets.

The International Project Network performs the following specific tasks:

- Syndicating and coordinating projects in emerging markets
- Maintaining a database of Austrian companies in project business, particularly as syndicate leaders and partners
- Coordinating Austrian activities in private sector allied development policy in emerging markets
- Cooperation with the future Austrian Development Bank

This initiative by the Austrian Trade Agency is cofinanced under the Internationalisation Offensive (IO) of the Federal Ministry of Economics and Labour and the Austrian Federal Economic Chamber and comprises the three IO measures in private sector and development:

- International financial institutions
- EU external aid programmes
- Flexible Kyoto mechanisms (JI/CDM)

Development cooperation and gender

Gender equality, whose importance has been stressed by the Austrian Minister for European and International Affairs, Ursula Plassnik, is mainstreamed as a cross-cutting issue in all development cooperation activities. Development and foreign policy measures to promote gender equality and non-discrimination centre on the specific role of women in post conflict situations, stopping violence against women, including traditional practices, medical care, supporting an enabling microbusiness environment and political participation.

Chapter III.3 deals in particular with the follow-up measures to the conference, Women Leaders – Networking for Peace and Security in the Middle East.



Part II: Changes in country programming

1. Parameters

In its priority countries and key regions, ADC works towards the following goals:

- Tangible and transparent performance for results, its own profile and value added as a complement to the EU and visibility in ADC partner countries. ADC makes use of experience gained and its own competency here.
- Attaching greater weight to priority countries through allocating larger funds from ADA budget lines. Programmes are developed in cooperative dialogue based on the Paris Declaration.
- Combining various instruments for greater impact and clustering priorities through:
 - closer alignment of ADC's project, programme and budget aid (including voluntary multilateral contributions), the Österreichische Kontrollbank's soft loans and the Federal Finance Ministry's voluntary contributions to IFI programmes and funds; important here is the inclusion and mobilisation of Austrian industry and commerce to harness their resources for implementing the MDGs in the most effective way;
 - greater mutual support and complementarity among several measures at operational level in the same sector and region and more concerted cooperation and closer consultation in activities among the different Austrian ODA agencies, setting priorities in sectors such as health/medicine, technology for small and medium-sized enterprises, education and energy.

Plans for bilateral indicative programmes in ongoing implementation will be updated (rolling planning) and budget funds available for bilateral cooperation with a priority country tied into multi-year commitments for implementation measures.

As a result, the recognisable profile of ADC will take shape in distinct subprogrammes concentrated on a region or theme in partner countries:

- Poverty reduction is made tangible and verifiable through the communication of partner relations and results (output, outcome, impact).
- Programmes are in keeping with ADC capabilities.
- Empowerment aims at utilising and developing local capacity.
- Technical assistance is increasingly linked to instruments of programme and sectoral budget aid.

Mozambique: District development in Sofala Province

The project is being carried out in seven selected districts and municipalities of Sofala Province; the partners are the Provincial Directorate of Planning and Finance, the municipalities of Dondo and Marromeu and the district authorities of Búzi, Dondo, Marromeu, Chibabava and Machanga.

In the decentralisation subprogramme, ADC assists the Mozambican government in its efforts to promote development processes at local level to reduce rural poverty. This applies the principle of subsidiarity, delegating decision-making powers and responsibility to the local level. Building and strengthening capacity at local government and municipal level enables development plans to cater for the expectations and interests of the population, who can then also take active part in implementation.

2. New accents

Medium-term aims are the expansion of regional programmes and the development of medium-term scenarios to meet the Monterrey commitments (Chapter IV.1) as well as the deliberate curtailment of isolated projects/programmes.

2.1 Expanding the regional approach

ADC's regional approach will be enlarged in the programme period:

- Programmes and projects of relevance to several countries will be selected in keeping with priority ADC themes. More use will be made of the call for proposals procedure.
- Ongoing programmes and projects in individual countries will be interlinked into regional approaches to operationalise these themes.
- Institutional South-South cooperation and networks will be strengthened.
- Measures will be taken to facilitate regional exchange and the development or dissemination of innovative approaches.
- Cooperation with regional institutions will be stepped up, where possible also in the spirit of the Paris Declaration (for priority sectoral themes, see Chapter III., Matrix).

2.2 Raising ODA: medium-term scenarios

Compared with other international bilateral partners, Austria's contributions in the priority countries of bilateral assistance ranges at the lower end of the funding statistics:

ADC priority country (2005)	ADA budget (EUR mill.)	Total ADC ODA (EUR mill.)	Total ADC ODA (US\$ mill.)	Total DAC EU-MS ODA (US\$ mill.)	ADC ODA/DAC EU-MS ODA	ADA/DAC EU-MS ODA
Albania	0.88	3.37	4.18	113.06	3.70%	0.97%
Bhutan	2.89	2.94	3.65	31.92	11.43%	11.26%
Bosnia and Herzegovina	3.10	20.87	25.93	182.8	14.18%	2.10%
Burkina Faso	3.10	3.32	4.13	262.13	1.58%	1.47%
Cape Verde	0.96	2.01	2.5	87.92	2.84%	1.36%
Ethiopia	4.54	6.15	7.64	433.58	1.76%	1.30%
Macedonia	1.13	3.56	4.42	88.38	5.00%	1.59%
Moldova	0.86	5.35	6.65	63.18	10.53%	1.70%
Mozambique	3.38	3.47	4.31	510.17	0.84%	0.82%
Nicaragua	7.56	7.92	9.84	319.36	3.08%	2.94%
Palestinian Territories	4.20	4.70	5.84	269.21	2.17%	1.94%
Serbia (incl. Kosovo and Serbia-Montenegro) ²	6.25	27.80	34.56	413.52	8.36%	1.88%
Uganda	7.14	6.78	8.42	384.88	2.19%	2.30%

Source: OECD/DAC, EU Donor Atlas

In any case, international agreements on the division of labour and the envisaged thematic leadership in areas where Austria has a comparative advantage call for a concentrated allocation of funds.

As of 2009, systematic preparations will be made for expanding ongoing programmes and programme developments (see also Programme Matrix), applying the following criteria:

- ADC will build on consolidated results in the ongoing programme, drawing on experience gained by active, frequently longstanding operations in partner countries (coordination offices).

The health care programme in the North Atlantic Autonomous Region in Nicaragua builds on longstanding NGO engagement and will be enlarged by bilateral programme aid to benefit the health service.

Provided that finance is assured, the present programme and project planning would be able to mobilise two to three times as much funding.

Concerted measures to build up the Palestinian Authority along the lines of the EU development strategy and the revised 'national' development plan.

2) Not yet independent in 2005

- Cooperation with Africa and South Eastern Europe will be systematically widened and deepened. ADC will take active measures to complement the efforts of the EU. This entails:
 - Closer alignment with the 2005 EU Africa strategy, the 2005 European Consensus on Development and other strategies, such as the outcome of the EU-AU summit and country and regional strategies for the division of labour amongst partners.
 - A baseline study to demarcate cooperation with South Eastern Europe in line with the EU commitment and gear it even more closely to sustainable poverty reduction measures.

- In expanding regional and country programmes during the planning period 2007–2009, priority will be attached over the medium term to the following poverty reduction strategies in keeping with the principles of the Development Cooperation Act and the ADC thematic guidelines:
 - Infrastructure development (water and sanitation, energy)
 - Rural development and food security
 - Education and scientific cooperation
 - Good local governance
 - Human rights in poverty reduction
 - Private sector and development
 - Macroeconomic interventions
 - Humanitarian aid

The principles of Austrian development policy (Development Cooperation Act) will be translated into pro-active programme practice in the form of positive discrimination for women's concerns and human security.

- New finance instruments/Quality assurance measures will be developed to meet the expansion needs of regional and country programmes:
 - Accounting for actual national or regional conditions, ADC will successively prepare to apply innovative financing facilities, shifting, for example, from the national execution of projects to sectoral programme and budget aid.
 - Cooperation will be stepped up with like-minded international partners, including EU member states, such as Germany (South Eastern Europe), Finland (Central America) or Switzerland (Moldova, Burkina Faso, Nepal).
 - New mechanisms for joint finance by several international partners in the form of trust funds and basket funding call for careful arrangements and results monitoring.
 - Adherence to geographical priorities for promoting Austrian NGOs will be supported by
 - a) higher amounts of assistance to key regions/priority countries and
 - b) specific calls for proposals geared to results as a complement to the bilateral programme.
 - 'Multi-bi' cooperation will be stepped up for priority themes to intelligently link up multilateral and bilateral, but also global and regional measures with local programmes.
 - Humanitarian aid and regional priorities should complement each other.

2.3 Curtailing isolated commitments

- After verifying the results achieved, programmes and projects in countries where bilateral cooperation is to be phased out under the Three-Year Programme for 2006–2008 will be brought to a close (Bulgaria, Croatia, Romania, Iraq, Afghanistan) or subsumed in a thematic regional context (Guatemala, El Salvador, Kenya, Burundi, Rwanda, Tanzania, Namibia, South Africa, Zimbabwe, Pakistan).
- Irrespective of this, Austria provides contributions as part of multilateral finance (e.g. European Development Fund, international financial institutions, UN: Junior Professional Officers) for these and other developing countries.

Bhutan: Rural electrification

Without access to modern, affordable energy services, people have no prospects of sustainable social and economic development. If properly planned, access to modern energy services is thus an important tool for ADC that can contribute to reducing poverty and attaining development goals.

Since 2001, ADC has been supporting the Kingdom of Bhutan in its efforts to provide all its population with access to electrical energy by 2020 and also reduce the large traditional use of fuelwood, averaging 1,200 kg per capita and year. Based on the respective budget funds available, disbursed in annual project tranches to the local institution, the Austrian programme is implemented solely by Bhutanese specialists. So far, about 1,600 rural households have been connected to a sustainable supply of electricity from hydropower thanks to Austrian finance and another 100 household connections are under construction. Funding for rural electrification to date amounts to almost EUR 2 million.

3. Programme Matrix 2007–2009

Regional/ Country sector	Programme priority	Implementation 2007–2009	
		Programme document	Specific measures ³
DEVELOPMENT COOPERATION SOUTH			
CENTRAL AMERICA key region	Supporting Central American convergence: ADC promotes pro-poor growth, partly through improving the framework for small commercial and farming enterprises to take part in regional convergence and enabling marginalised populations to claim their social and human rights.	ADC regional programme 2007–2009	Priority for Nicaragua, El Salvador, Guatemala Cooperation with the executive organisation of SICA and NGOs Implementation of the Energy Alliance (CCAD) in sectoral projects
Nicaragua priority country	Rural development Micro, small and medium-sized enterprises Health sector	ADC country programme 2008–2010 with subprogrammes	– Annual bilateral consultations – Third state cooperation – Participation in the health SWAP and other innovative finance facilities RAAN: regional development with NGOs
AFRICA	Austria supports the EU Strategy for Africa, especially in the priorities of the European Consensus. Infrastructure – Water and sanitation – Energy Good governance and conflict prevention Private sector and development		Cooperation with regional organisations and projects: AU, NEPAD/APRM, IFIs, ACP/EDF, African Association for the Development of Education in Africa (ADEA) South-South cooperation EU Water Initiative, EU/EIB Trust Fund, Private Infrastructure Development Group, African Water Facility Support for parliaments and civil society

3) The operational implementation of the programmes can draw on the entire gamut of available instruments.

Regional/ Country sector	Programme priority	Implementation 2007–2009	
		Programme document	Specific measures ³
WESTAFRICA/Sahel key region	Conflict prevention Local development schemes and regional integration Energy	ADC regional programme 2008–2010	Cooperation with – regional institutions (ECOWAS Club du Sahel, ENDA, CREAM), – multilateral programmes and – civil-society initiatives Regional energy policy development
Senegal partner country in key region Geographic focus: Kolda Region (Casamance)	Rural poverty reduction (production and marketing, capacity development)	ADC country sector programme 2006–2008	Civil-society initiatives and local development plans Preparation for phasing out and transfer of programme elements to the regional programme Bilateral consultation autumn 2007 Mid-term review beginning of 2008
Cape Verde priority country Geographic focus on Santiago Island	Sustainable management of natural resources and water supply Development of local initiatives and municipal cooperation	ADC country programme 2006–2008 Bilateral framework agreement 2006–2008	Collaboration in developing the strategic partnership with the EU envisaged by Cape Verde Sectoral budget support: cooperation with EU, UNDP, Portugal, Luxemburg Technical cooperation for capacity development
Burkina Faso priority country Geographic focus: Boucle du Mouhoun and Hauts Bassins	Agricultural production and marketing, sustainable resource management, local development funds Crafts, micro and small enterprise promotion Technical instruction and vocational training	ADC country programme and subprogrammes 2005–2007 Bilateral framework agreement 2005–2007	Annual bilateral consultations Participation in programme aid for technical instruction and vocational training Evaluation of country programme in 2007 Country programme 2008–2010 in preparation

Regional/ Country sector	Programme priority	Implementation 2007–2009	
		Programme document	Specific measures ³
EAST AFRICA key region	<p>Good governance, land rights and conflict prevention</p> <p>Water and sanitation</p> <p>Renewable energy</p>	ADC East Africa regional programme 2008–2010 in preparation	<p>Projects and programmes with regional scope (Uganda, Ethiopia, Kenya, Rwanda, Burundi, Tanzania)</p> <p>Cooperation with COMESA, IGAD, EAC and regional strategy and knowledge networks</p>
Uganda priority country	<p>Water and sanitation</p>	ADC country programme 2007–2009	<p>Bilateral programme dialogue</p>
<p>Geographic focuses: North and Southwest Uganda</p>	<p>Pro-poor economic development through</p> <ul style="list-style-type: none"> – local economic development – value chain development (agricultural products) <p>Democracy (decentralisation, local judiciary and land rights)</p>		<p>Programme and budget aid in cooperation with several donors</p> <p>Capacity development and knowledge cooperation</p> <p>Initiatives of local partners</p>
Ethiopia priority country	<ul style="list-style-type: none"> – Reduction of rural poverty through food security, sustainable resource management, production and marketing – Medicine cluster: Improvement of public health services and conditions of life for pastoral population – Energy 	ADC country programme 2008–2012 in preparation	<ul style="list-style-type: none"> – Bilateral programme dialogue – Cooperation with regional substates – Programme and project aid – Capacity development and knowledge cooperation – Measures against traditional violence against women
<p>Geographic focuses: – Amhara Region: North Gondar – Somali Region</p>			
SOUTHERN AFRICA key region	<p>Infrastructure: energy, railways</p> <p>Land issues</p> <p>Decentralisation/district and municipal development</p>	ADC regional programme as of 2007–2009	<p>Key region: Mozambique, Zimbabwe, Republic of South Africa, Namibia</p> <p>Increased cooperation with SADC and specialist institutions</p> <p>Trilateral cooperation Austria/Republic of South Africa for other SADC partners</p>

Regional/ Country sector	Programme priority	Implementation 2007–2009	
		Programme document	Specific measures ³
Mozambique priority country Geographic focus: Sofala Province	Reduction of rural poverty: Decentralisation District development Agricultural production and basic infrastructure	ADC country programme 2007–2009	Bilateral programme dialogue Sectoral budget aid for agriculture (PROAGRI) Appraisal of general budget aid as of 2008
PALESTINIAN TERRITORIES priority programme	Concerted donor activities of the European Commission, EU-MS, World Bank: capa- city building of Palestinian Authority and civil society – Water supply – Health services – Humanitarian aid/crisis intervention with rehabilita- tion, employment and income generating components Promotion of peaceful development in the Middle East	ADC programme 2007–2009	Implementation of pro- grammes at NGO and multilateral level and with the Palestinian Authority Cooperation with and contri- butions to United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) Palestinian-Israeli dialogue Implementation of the outcome of the conference, Women Leaders – Net- working for Peace and Security, Vienna, May 2007
HIMALAYAS-HINDU KUSH key region	Mountain ecology and rural development Strengthening institutional capacity	ADC Himalayas-Hindu Kush regional programme 2008–2010	Applied research and training with regional research and training institutions: ICIMOD, Asian Institute for Technology
Nepal partner country in key region	Rural development and cultural cooperation Tourism	Under regional programme	Cooperation with NGOs Conduct of evaluations in 2007 Closer cooperation with Switzerland
Bhutan priority country	ADC supports Bhutan's tenth five-year plan Energy Tourism Culture	ADC country programme 2008–2010 in preparation. ADC energy sector programme 2005–2007	Annual bilateral consultations Programme monitoring: rural electrification Complementary measures for power station construction

Regional/ Country sector	Programme priority	Implementation 2007–2009	
		Programme document	Specific measures ³
DEVELOPMENT COOPERATION EAST			
SOUTH EASTERN EUROPE/ WESTERN BALKANS priority region	<p>Good governance, conflict prevention and reconciliation</p> <p>Education</p> <p>Private sector and development</p> <p>Combating organised crime; special focus: human trafficking</p> <p>Close cooperation with the Stability Pact for South East Europe (successor instrument)</p>	Strategy for Eastern Europe 2008–2015: baseline study commissioned	<p>Regional education initiatives, e.g. Balkan Case Challenge, Skomrahi Theatre Festival</p> <p>Cross-border projects in border regions Regional programmes for social dialogue</p> <p>Stability Pact Initiatives in ADC focal areas, e.g. Investment Compact, Task Force Education and Youth</p>
Albania priority country Geographic focus: Shkodra Region	<p>Water, sewage, environment</p> <p>Touristic training</p> <p>Cross-cutting issues: – Good governance – Gender</p>	<p>ADC country programme 2007–2009</p> <p>Bilateral framework agreement under negotiation</p>	<p>Appraisal of participation in the education sector-wide approach</p> <p>Three-Year Programme – Water/Sewage in Shkodra</p>
Bosnia and Herzegovina priority country	<p>Strengthening common identity and state as a whole</p> <p>Education (higher education and vocational training)</p> <p>Private sector and development</p>	<p>ADC country programme 2005–2007</p> <p>Bilateral framework agreement under negotiation</p>	Strengthening major state institutions (e.g. Supreme Court) and processes (e.g. introduction of value added tax) and key economic policy reforms (e.g. land register)
Macedonia priority country	<p>Closer alignment with capacity building with a view to EU integration</p> <p>Environment, water, energy</p> <p>Cross-cutting issue: private sector and development</p>	<p>ADC country programme 2005–2007</p> <p>Update in preparation</p> <p>Bilateral framework agreement under negotiation</p>	<p>Numerous water/sewage projects</p> <p>Capacity building programmes together with Albania (solar energy)</p> <p>Participation in the World Bank initiative: Programme on Accounting Reform (REPARIS)</p>

Regional/ Country sector	Programme priority	Implementation 2007–2009	
		Programme document	Specific measures ³
Serbia, incl. Kosovo priority country			
Serbia priority country	European integration: European values and standards Employment Improvement of employability	ADC country programme 2006–2008 Bilateral framework agreement under negotiation	Cooperation with Serbian development programmes at regional level Participation in large employment initiatives, together with the Serbian Ministry of Labour, Employment and Social Policies and UNDP
Kosovo priority programme Regional concentration: Suhareka/Suva Reka	Conflict prevention and inter-ethnic cooperation Higher education Private sector and development with focus on rural development	ADC programme 2007–2010 in preparation MoU with Kosovar Education Ministry, UN Mission in Kosovo and Federal Ministry of Science and Research for higher education Bilateral framework agree- ment under negotiation	Institutional partnership with the Federal Ministry of Science and Research and the Kosovar Ministry of Education; Modernisation and Europisa- tion of Kosovar higher edu- cation and implementation of the Bologna Process
Moldova priority country	Water/Sewage in rural areas Private sector and employment with focus on vocational training	ADC country programme 2008–2010 in preparation Bilateral framework agreement near finalisation	Cooperation with SDC (CH) in the water sector Programme for returning migrants
Montenegro priority country Geographic concentration on Northeast Montenegro	Regional development/ Tourism Education Good governance	ADC programme 2008–2010 in preparation Bilateral framework agreement concluded in 2007	Integrational approach – support in building new state capacity

SOUTH CAUCASUS

South Caucasus key region	Conflict prevention and resolution Strengthening local civil society Good governance (Human security)	ADC regional concept for South Caucasus 2006–2008	Appraisal and establishment of regional ADC support capacity Cooperation with interna- tional organisations and NGOs Strengthening judicial and security systems
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Regional/ Country sector	Programme priority	Implementation 2007–2009	
		Programme document	Specific measures ³

GLOBAL DEVELOPMENT COOPERATION

Global	Promotion of selected developmental measures, with effects beyond geographic focuses		Dialogue of cultures – dialogue with the Islamic world Collaboration in expert committees of European Commission: education, Water Initiative, rural development, food security, energy and infrastructure
Cooperation with the private sector	<ul style="list-style-type: none"> – Harnessing synergies with the European/Austrian private sector – Mobilising private funds – Maximising beneficial developmental effects of investments – Strengthening corporate social responsibility (CSR) 	ADC policy document for private sector and development in preparation	Financing instruments: <ul style="list-style-type: none"> – Development partnerships – Business partnerships – Development of specific aid for trade sector operations
Cooperation with non-governmental organisations	Promotion of NGO projects <ul style="list-style-type: none"> – Complementary to ADC regional bilateral programmes – Less aid outside geographic focus 	ADC policy document on NGO cooperation	Financing instruments: <ul style="list-style-type: none"> – Microprojects – Individual NGO projects South and East – NGO framework programmes – EU cofinancing – Personnel development cooperation
Educational cooperation	Capacity development Basic education, vocational training and higher education under the country programmes Science and research	ADC policy document on educational cooperation	<ul style="list-style-type: none"> – South-South cooperation Use in country and regional programmes with priority countries Also in priority ADC themes for LDCs

Regional/ Country sector	Programme priority	Implementation 2007–2009	
		Programme document	Specific measures ³
Humanitarian aid	Emergency humanitarian measures, reconstruction projects and prevention projects with priority in ADC geographic focuses	ADC policy document on humanitarian aid	<ul style="list-style-type: none"> – Cooperation with the Federal Ministry of Agriculture and Forestry, Environment and Water Management for food aid – Guidelines for financing emergency humanitarian measures – Cofinancing reconstruction projects – Cofinancing projects in disaster prevention
West Sahara	Education, infrastructure for refugee camps		
Mine actions	<p>Mine action programmes in South Eastern Europe</p> <p>Mine action programmes in Africa</p> <p>Global initiatives</p>	<p>ADC Mine Action Programme 2006–2009</p> <p>Ottawa Mine Action Treaty</p> <p>EC Mine Action Strategy & Multi-annual Indicative Programming 2005–2007</p>	Pursuit of the Nairobi Action Plan

AUSTRIA

Development policy advice	Expert advice to the Federal Ministry for European and International Affairs in drafting guidelines and programmes and preparing bilateral dialogue		
ADC information and communication	ADC information and communication		Priority themes: ADC, poverty, human, security, sustainable development
Development communication and education	Promotion of information, educational, cultural and public relations by private organisations	ADC policy documents	Focal themes: global learning, poverty, energy and climate, EU Year of Intercultural Dialogue 2008
Evaluation	<p>Evaluation of country programmes, sector programmes, instruments</p> <p>Meta-evaluation</p>	Two-Year Programme 2006–2007	



Part III: New themes

1. Clustering

1.1 Context

In its programme for the XXIIIrd legislature, the Austrian Federal Government pledges its commitment to the EU Council resolutions calling for earmarking 0.51% of GNI for ODA by 2010. It also calls for clustering to focus assistance in medicine, technology for small and medium-sized enterprises, education and energy.

To implement this mandate of focusing assistance through clusters, ADC will proceed as follows:

The various Austrian ODA providers will cooperate and coordinate their activities to set a joint focus in the specified sectors: These actors include in particular ADC with its project and programme aid and the voluntary multilateral contributors, the Federal Ministry of Finance with its voluntary inputs to the IFI programmes and funds and the programmes of the competent sectoral ministries in the education sector.

A future Austrian Development Bank could engage in all these areas. Future possibilities will, however, depend on how this new instrument is actually designed.

It will be important here to include and mobilise Austrian business and industry to harness their resources for implementing the MDGs in the most effective way. Substantive consideration must also be given to the soft loan window of the Federal Ministry of Finance administered by the Österreichische Kontrollbank. Though not an explicit ODA instrument, it contributes to sustainable development by financing non-commercial projects.

This will ensure a coherent overall policy approach, which falls under the development-policy coordination mandate of the Federal Ministry for European and International Affairs. A specific process of policy consultation will be initiated in education during the planning period 2007–2009.

1.2 Education

For education first of all, this means close coordination with the Federal Ministry of Science and Research and the Federal Ministry for Education, the Arts and Culture.

Since the European initiatives for education in **South Eastern Europe** are closely associated with these two sectoral ministries, there is a particular need for consultation in ADC East.

A showcase example of collaboration is the Umbrella Memorandum of Understanding (MoU) for Kosovo signed in summer 2006 by the Kosovo UN Mission, the Federal Ministry of Science and Research and the Federal Ministry for European and International Affairs. The object of the MoU is to set up or strengthen institutions of higher education and research. This has added a new quality to inner-Austrian cooperation, which will also point the way forward in future.

In development cooperation with the South, the **Commission for Development Issues** already comprises an **education cluster** in itself, uniting

- the federal ministries responsible for education (Federal Ministry of Science and Research, Federal Ministry for European and International Affairs/VII, Federal Ministry of Agriculture and Forestry, Environment and Water Management, Federal Ministry of Finance),
- with the scientific community (universities and research institutes)
- and civic organisations engaged in development policy (NGOs).

Financed by the Federal Ministry of Science and Research, the Commission is a multidisciplinary and interdisciplinary platform interfacing development-policy objectives with scientific issues. The main way it does this is by promoting cooperative applied research projects with partners in developing countries, but also by advising scientific institutions and sponsors in scientific questions of development cooperation.

ADC and the Federal Ministry of Science and Research will also be cooperating in scholarship programmes for the benefit of developing countries. On the one hand, the scholarship grants will enhance the personnel and institutional capacities of the ADC partner countries and on the other promote the internationalisation of Austrian universities, with differing emphasis placed on the two concerns in the various programmes. Together with students and scientists with developmental interests, ADC scholarship holders in Austria make up a major resource for Austria's universities to set up dissertation networks and twinning projects in future.

Together with the Federal Ministry for Education, the Arts and Culture, the aim is to improve cooperation in South Eastern Europe. The successor organisation to the Stability Pact engaged in the region as of 2008, the Regional Cooperation Council (RCC), will be supported by the Federal Ministry for European and International Affairs in its initial years. The RCC has itself singled out education as one of its priorities. The education and science ministries will be engaged in the future RCC task force for fostering and building human potential, encompassing primary and secondary education, higher education and research alike. They can draw here on their extensive experience gained under the Stability Pact and the Education Reform Initiative of South Eastern Europe (ERISEE).

Cooperation with ADC in the southern partner countries extends to include UNESCO affairs in particular. Two key initiatives geared at improving educational systems, the Association for the Development of Education in Africa (ADEA) and training schemes for education planners, are run under the auspices of UNESCO Paris and receive substantial cofinancing from ADC. In the interests of capacity building in partner countries, firm emphasis will continue to be placed on this.

Under the **soft-loan window**, importance is attached to financing **vocational training** projects, particularly for qualifying and fitting out relevant technical and vocational schools. The volume can be expected to rise further in coming years due to needs in developing countries and the expertise of Austrian enterprises.

1.3 Energy

In line with the above definition of clustering, the mandate for focusing on energy comprises the following:

- **ADC:** Energy is an established key sector in bilateral programme and project assistance. Here too, ADC makes substantial contributions to multilateral finance facilities (PIDG and the EU Infrastructure Initiative). In the third priority pillar of the private sector and development focus, cooperation with Austrian industry and commerce, ADC will also step up support for projects in renewable energy.
- **Federal Ministry of Finance:** In this sector, the voluntary contributions to IFI projects and programmes and to funds will cater for the priorities of the government programme. Energy is stipulated as a focus in the current IFI strategy of the Federal Ministry of Finance and various commitments are in the pipeline. Austria will, for example, join the World Bank's Energy Sector Management Assistance Programme (ESMAP) in 2008.
- **Soft loans by the Federal Ministry of Finance:** There are no notable commitments via the Österreichische Kontrollbank because conventional power stations cannot be financed with soft loans under the relevant OECD rules. In individual cases, there may be new scope in renewable energy in future.
- In ongoing hydropower cooperation with **Bhutan**, ADC will support the partner in constructing a larger-scale hydropower station (Dagachhu) and an Austrian syndicate will make an offer to supply the electromechanical component financed under an export credit guarantee.
- As detailed in the multilateral chapter, ADC will collaborate closely in the EU Energy Initiative and in its Infrastructure Initiative (aimed at extending cross-border transport, energy, water and telecommunications networks) and contribute to improving the flow of information to Austrian enterprises.
- Coframing the **Africa-Europe Energy Partnership** will be one of Austria's contributions to the success of the EU summit, especially by hosting the relevant meetings of the Global Forum on Sustainable Energy (www.gfse.at).

1.4 Technology for SMEs

Initial pilot measures have already been promoted under the ADC **private sector and development** focus on SME technology. The aim is to raise the competitiveness of SMEs in ADC partner countries by providing them access to new technologies, including information and telecommunications. There are two ways of doing this. One is strengthening markets for business development services to promote technology service providers and measures to consolidate business linkages and supply chains. The other is via the third private sector and development pillar that seeks to involve Austrian businesses. The relevant tools, development and business partnerships, will play a large role here. At present, about EUR 3 million is available for these. Austrian companies have shown keen interest in both instruments, which have reached their financial ceilings. These facilities therefore need replenishing to harness this potential to the full.

The Internationalisation Offensive of the Federal Ministry of Economics and Labour in the technology sector plays an important role in this connection, at least for the ADC South Eastern Europe/Western Balkans key region. Selected programmes will promote cooperation between technology clusters in Austria and the South Eastern European neighbouring countries. This will afford SMEs in the ADC partner countries long-term access to new technologies.

1.5 Medicine

In medicine, clustering as defined above will take the following form:

First of all, ADC will continue with its **multilateral commitment**, placing particular emphasis on supporting UN agencies in the fight against HIV/AIDS (Note: Where these organisations provide medication with the contributions, this commitment is classified as medicine).

NGO projects in the health sector (incl. medical care) will also be continued via **NGO cofinancing** along with health projects in **rural development**. HIV/AIDS will be a special ADC concern in this connection.

ADC will therefore continue its present, limited commitment in medicine, but will not specify it as an additional (seventh) bilateral priority sector. One reason against this enlargement is the repeated demand by OECD (e.g. in the Peer Review of 2004) for a sharper substantive focus of ADC and the other is the massive rise in funding and the inordinate number of institutions and initiatives in the health sector, as ascertained in many studies⁴.

4) For example, IDA 2007, Aid Architecture: An Overview of the Main Trends in ODA Flows

Under the soft loan window, finance for implementing projects in medicine currently makes up a significant part and the volume is expected to increase in the coming years due to the needs in developing countries and the expertise of Austrian enterprises.

2. Contribution to the international donor community's Aid for Trade Package

2.1 Starting point at EU level

Sufficient economic growth and welfare gains for the population are the basis for sustainable development. Effective participation in international trade is a prerequisite for sustainable economic and social development.

Trade-related assistance denotes measures that support partner countries in enabling them to negotiate (capacity to negotiate), implement commitments (capacity to implement) and strengthening/building actual trading capabilities (capacity to trade).

A distinction is drawn between the terms, trade-related assistance, and aid for trade in the broader sense. The general notion of aid for trade is broader in scope and in addition to trade-related assistance includes building productive capacities, trade-related infrastructure and trade-related adjustment.

The role of trade-related assistance and support for technical capacity building was given policy endorsement at the Hong Kong WTO Conference in 2005 and its substantive scope was enlarged. In its Council Conclusions on Aid for Trade of December 2005, October 2006 and May 2007, the EU pledged to raise its annual funding to EUR 2 billion a year by 2010 (EUR 1 billion each from the European Community and all EU member states together).

Originally initiated as a development-policy incentive for the Doha Round but now independently of its outcome, a large amount of these funds will also be made available for assistance under the Economic Partnership Agreements – EPAs (see Chapter IV.1).

The common EU Aid for Trade Strategy⁵ of October 2007 defines more closely how these increased funds are to be allocated. It contains in particular qualitative elements (substantive development priorities), quantitative targets (for successive progress towards the EUR 2 billion commitment by 2010), guidelines on improved monitoring & reporting and aid for trade specifically for the ACP states.

2.2 Austrian positioning

The contributions to meeting the EUR 1 billion aid-for-trade target by the EU member states are voluntary, so that some member states will pay in less than others, also in keeping with the envisaged division of labour in EU development assistance.

Apart from a free-trade policy, the successful assimilation of the developing countries into the global economy calls in ADC's view for building and strengthening productive and trade-related capacities and an adequate infrastructure. ADC approaches in private sector development can therefore make important contributions to the more narrowly defined trade-related assistance and under the broader aid-for-trade agenda. Austrian business and industry can also contribute.

5) The EU Aid for Trade Strategy mainly addresses the least developed countries (LDCs), with particular attention also devoted to the IDA-only countries, which are not classified as LDCs – including the ADC priority countries Albania, Moldova and Nicaragua.

Altogether, in consultation with the partner countries, the following intervention points offer scope for future measures (incomplete list):

- **Direct strengthening of trading capacities:** e.g. improving import/export transactions, sanitary and phytosanitary standards, requisite tax reforms, etc.
- **Regional approach:** supporting regional organisations and institutions for regional convergence as well as the implementation of Economic Partnership Agreements (EPAs)
- **Building capacity to negotiate:** assisting relevant partner country institutions in strengthening the private sector or regional organisations in building their capacity to negotiate in the WTO
- **Promoting production capacities** by improving the framework for private investments and business startups and easing access above all for SMEs to financial services and management know-how. Moreover, a growing portion of international trade takes place in transnational supply chains based on the division of labour. In future, therefore, ADC will devote more attention to developing these and/or partner integration.
- **Trade-related infrastructure:** ADC will participate more in multilateral infrastructure programmes. It already contributes, for example, to the Infrastructure Trust Fund under the EU Africa Infrastructure Partnership, which has a particular bearing on trade through its focus on regional or continental interconnectivity.
- **Fair trade to promote local economies:** ADC supports initiatives for fair trade.

Initial pilot projects are underway in trade-related assistance, proceeding along three lines:

- Funding and execution of multilateral programmes (e.g. UNIDO) in quality assurance, capacity building and the implementation of trade-related international or regional statutory and/or private standards
- Support for ACP regional organisations in implementing the EPAs
- World Bank/Integrated Framework: In cooperation with the World Bank Institute, the Federal Ministry of Finance plans to carry out a programme to build capacity for regional convergence and trade policy in agricultural goods.

Altogether, the measures will be implemented through further, organic, demand-led development of the tried and tested ADC mechanisms, including country/regional programmes and global mechanisms, such as multidonor funds.

3. Women in peace processes

Based on the analysis and recommendations of the 2005 Arab Human Development Report and the outcomes of the conference, **Women Leaders – Networking for Peace and Security in the Middle East**, held on 30–31 May 2007 in Vienna, ADC has set itself the task of helping to implement the proposals drafted by women politicians, experts from many disciplines and representatives of civil society.

Austria's commitments in the Middle East will build on its long-standing cooperation with the region. In particular, cooperation already underway in promoting Palestinian-Israeli dialogue and capacity building affords scope for translating the recommendations of the Women Leaders conference into practical measures and linking this to ongoing ADC programmes in the region, especially in the occupied Palestinian Territories. This will make another important contribution to meeting Austria's basic concerns in the Middle East: promoting the **peace process** and implementing the two-state solution.

Sustainable regional development calls for the full participation of women in social, cultural, economic and political life. A suitable framework is needed to enable women to take active part in the development process and work for peaceful co-existence. Women and children are most broadly and severely afflicted in conflict situations. Greater appreciation is needed of the general part they play in the family, in social cohesion and in public life, but especially in conflicts, and support must be given to approaches for changing 'traditional' role models.

Another policy rationale for supporting the concerns of Middle Eastern women is **Resolution 1325** adopted unanimously in October 2000 by the United Nations Security Council, the first UN resolution to stress the essential and active role of women in all phases of peace processes and the specific way conflicts affect them. The Austrian Federal Government is committed to the aims of Security Council Resolution 1325 and has incorporated it as a priority of international peacebuilding efforts in its programme. The Austrian Action Plan on Implementing UN Security Council Resolution 1325 provides for practical measures in humanitarian, diplomatic, peacekeeping and development-policy activities.

To maximise the efficiency and sustainability of Austrian measures with an explicit **focus on women**, foremost precedence in practical implementation must be attached to meeting needs in line with the local or regional priorities. Current capacity in ongoing ADC programmes in the region will be extended to meet gender criteria. Efforts will also be made to bundle the resources of prospective bilateral and multilateral cooperation partners and explicitly draw on Austrian and international expertise (e.g. UNIFEM, UNDP, EU, etc.). In line with priority themes and the detailed recommendations of the participants in the Women Leaders conference, Austria will concentrate on **private sector and industry, media and civil society**.

Key concerns are capacity-building and institutional development in all three sectors. Multisectoral measures will also be taken in training, mutual exchange, intensive cross-border dialogue and the promotion of women's networks. The target groups are multipliers in politics, industry, science, diplomacy and civil society.

Also important is **promoting public awareness and information**, especially in the Middle East as well as in Austria or in third states. This will contribute to allaying prejudices, fostering mutual understanding and respect and generally enhancing the image and status of women in the region.

Initial practical steps have already been taken: On the one hand, Department V in the Federal Ministry for European and International Affairs has appointed a **task force for cultural dialogue**, which is also entrusted with implementing the Women Leaders conference recommendations. A contribution of EUR 150,000 has also been made to **UNIFEM** for supporting and cooperating with the International Women's Commission (IWC). IWC contributes to promoting Israeli-Palestinian dialogue and, with that, to supporting the continued implementation of the conference outcomes. A gender officer is also scheduled for assignment to the Austrian Representative Office in Ramallah.

Women in politics, law and civil society

It is of prime importance to strengthen the role of women in the political system and eliminate sexual discrimination, above all in criminal law. In the medium and long term, this will entail raising awareness among Arab legal experts (about international obligations) and setting up operational women's networks.

Training seminars will be provided for male and female lawyers, legal counsellors and judges as well as public prosecutors, ideally in the region. Also important here is exchanging experience about successful (court) proceedings involving women, e.g. in the form of moot courts. This will disseminate effective procedural strategies for enforcing women's rights. In addition, **young male and female politicians and diplomats** will be trained in conducting negotiations, research capabilities and constituency relations as well as in national and international legal standards.

Women and media in the peace process

There is no question that the media play a central role in conflict situations and in peace processes. One concern in implementing the recommendations is to increase the participation of women journalists and editors in reporting. A general aim here is to highlight the role and concerns of women, particularly also their contribution to de-escalation and initiatives for conflict resolution and also to propagate messages of peace.

Media training seminars are intended to facilitate the exchange of experience on media strategies for regional conflicts.

Synergies will be generated and harnessed between the activities in implementing the Women Leaders conference recommendations and ongoing projects under the Dialogue of Cultures initiative. This will include stepping up **cooperation with Austrian media** and the planned organisation of specialist seminars for Austrian journalists to help them gain a better understanding of Islam.

Women in economic life

Special attention needs to be paid to the inimical conditions for women in private sector and industry, especially in conflict regions. One way of supporting the participation of women in economic life is to step up successful cooperation with the **Palestinian Chamber of Commerce**. An explicit focus can be placed on women here to strengthen their role in the economy and the labour market for the long term, in direct cooperation with the private sector.

Part IV: Multilateral aid

1. EU development policy

Austria's financial contribution to Community development cooperation makes up one of the largest single items in ODA (EUR 188 million in 2006 to the EU budget and European Development Fund – 16% of total Austrian ODA). Austria's influence on the quantitative and qualitative improvement of Community development cooperation is therefore of great importance. At the same time, the EU as a whole is the largest donor bloc worldwide, making up over 50% of total international development assistance. As the EU positions or commitments at the major international conferences (Monterrey 2002, Johannesburg 2002, World Summit 2005) already indicate, the EU common development policy has taken – successful – shape, converging in the European Consensus on Development in 2005, which emphasises the 3 Cs – coherence, coordination and complementarity.

Helping to frame this common development policy therefore means making a decisive contribution to shaping the future of our world. The main issues in implementing the '3 Cs' will be:

■ Harmonisation, alignment and division of labour

The EU Code of Conduct on Division of Labour in Development Policy adopted in 2007 will have a marked influence on cooperation among EU donor countries in the next few years, especially in the field. At the conference in Accra in 2008, the successor conference to the 2005 Paris Declaration on Aid Effectiveness, the EU will have to live up to its spearheading role in harmonisation.

Austria is in the process of aligning its programmes for the ADC priority countries/key regions accordingly and will advocate additional harmonisation measures in the relevant EU bodies with a view to improving the quality of European development contributions.

■ Development-policy coherence

To ensure the development-policy coherence of all activities or policies affecting developing countries, a rolling EU work programme provides among other things for regular reporting on the coherence record of the member states as well.

Development-policy coherence is explicitly embodied in the Austrian Development Cooperation Act and is accorded priority as a policy issue (see Chapter V.).

■ Africa focus

In line with the policy shift in the runup to the UN World Summit in 2005, the EU concentrates its development-policy efforts on Africa. The implementation of the joint EU-Africa Strategy, which was framed in close negotiations between the AU and the EU, will therefore exert key influence on the direction European development cooperation takes over the next few years.

Africa is also an ADC priority region with particular thematic concentration on energy and water, which is why Austria will attach special importance to these two issues at European level.

■ Economic Partnership Agreements

The Economic Partnership Agreements (EPAs) are based on the Cotonou Agreement of 2000 and after expiry of a WTO exemption provision for the current preferential treatment of commercial goods from the ACP states in the EU, they will ensure new WTO-compatible trade arrangements between ACP and EU countries. Envisaged is the creation of 6 free trade areas in Africa (West, Central, East, Southern), the Pacific and the Caribbean, which for their part will then conclude free trade agreements with the EU by the end of 2007. This is to culminate in closer regional convergence of the developing countries, bringing them into the globalised world economy.

Austria considers the development aspects as a core element in the negotiations and therefore endorses the warranted demands for prolonged transition phases, excluding sensitive products, taking account of ongoing regional convergence processes and the inclusion of civil society. Austria will accordingly act as an advocate for these concerns in implementation and support them with aid for trade measures (see Chapter III.2).

■ Migration

This issue is under ongoing substantive discussion in the EU (see Chapter V.2.4).

■ Volume of aid

As per the EU Council conclusions of May 2005, the member states have pledged to meet the Monterrey interim target of allocating 0.51% of GNI for ODA by 2010 (new member states 0.17%) and 0.7% by 2015 (new member states 0.33%). Meeting these commitments will be subject to annual monitoring.

Austria has pressed for all member states to keep to the timetables and is itself on the right track with an estimated 0.49% in 2007.

With a view to the above-cited priority themes (energy, water) and the European and Austrian focus on Africa, Austria will place particular emphasis on the following instruments:

■ Infrastructure Trust Fund (ITF) with EIB

As a vehicle for implementing the Infrastructure Initiative of the EU-Africa Strategy, a Trust Fund Agreement (TFA) was signed between the EU Commission, the EU member states and the European Investment Bank in April 2007. This will enable the joint preparation and implementation of innovative financing facilities to meet Africa's infrastructure needs. EUR 300 million is currently available as starting capital.

Austria has contributed EUR 1 million so far and plans to enlarge this stake as part of the planned increase in ODA.

■ EU Energy Facility

The 9th EDF endowed the Energy Facility with EUR 220 million for cofinancing urban and rural energy investments, energy governance projects and cross-border projects. Another appropriation is planned for the energy sector in the 10th EDF. A window for cofinancing member states is also planned.

Austria advocates a renewed appropriation and plans to contribute to cofinance as part of the scheduled increase in Austrian ODA.

■ EU Water Facility

Endowed with EUR 500 million (from the 9th EDF), the Water Facility is the finance tool of the Water Initiative. It provides cofinance for water management and control, water supply and sanitation infrastructure and for civil society initiatives, etc. A renewed appropriation is planned for the water sector in the 10th EDF and the introduction of cofinancing facilities for member states.

Austria advocates a renewed appropriation and plans to contribute to cofinance as part of the scheduled increase in Austrian ODA.

2. UN development agenda

To harness the developmental potential of the multilateral organisations to the full, Austria's efforts will continue to centre on reforming the UN development architecture.

The voluntary Austrian contributions to the UN development agencies in recent years have been far below EU average. The dual budget for 2007 and 2008 contains a significant rise in multilateral funds, but there is still a backlog on the EU average.

In anticipation of increased funding in 2009 and 2010, the Federal Ministry for European and International Affairs plans to bring all core contributions up the EU average. In substantive terms, the ministry intends to concentrate on five smaller UN agencies (UNIDO, UNODC, UNIFEM, UNCDF and UNFPA) and a number of complementary measures to improve the efficiency of the UN system.

Central America region: solar dryer project with UNIDO

For some years now, a solar dryer project has been supported in three countries of the region (Nicaragua, El Salvador, Guatemala) with EUR 900,000 over a three-year term. This project is implemented by the Austrian organisation, CONA. In Nicaragua in the 1990s, ADC promoted the foundation of the Cleaner Production Centre (CPC), a very successful scheme now implemented by UNIDO in many countries throughout the world. The aim is to raise energy efficiency in enterprises, which reduces costs for the entrepreneurs and benefits the environment at the same time.

Later, other donors, such as the Swiss Agency for Development and Cooperation (SDC) or IADB, promoted the foundation of similar centres throughout Central America. With multilateral aid funds, Austria is supporting the development of a CPC network in the whole of Latin America. In Nicaragua, bilateral development cooperation no longer finances the core tasks of the CPC, which are now funded from own income and by other donors. Since 2006, ADC has been financing a project carried out by UNIDO and the CPC in solar water heating for small and medium-sized enterprises (EUR 650,000 for 3 years).

Provided budgetary funds are available, these will include:

- Increase in voluntary core contributions up to the EU average for the following UN development agencies:
 - **UNDP:** The recent heavier concentration on the key issues of poverty alleviation and good governance and the clear demarcation from the role of UNDP as a coordinator of UN activities in the field (as Chair of the UN Development Group and by virtue of its responsibility for the system of resident coordinators) is a very welcome development. Austria supports this concentration. Raising the Austrian contribution to the EU average would amount to a threefold increase. In substantive and financial terms, the Federal Ministry for European and International Affairs will contribute more to thematic trust funds that conform with Austrian sectoral priorities in its partner countries and regions.
 - **UN HABITAT:** As the majority of people today live in towns, the organisation will play a growing role. The water/sewage management and decentralisation components are particularly important for Austria. Raising the Austrian contribution to the EU average would require a threefold increase here again. The Federal Ministry for European and International Affairs will seek to harness synergies in the longstanding cooperation between the city of Vienna and HABITAT.
 - **UNICEF:** On the one hand, UNICEF's remit has been enlarged substantially in recent years and on the other the donor community has insisted on reducing overlaps by stepping up coordination with other UN development agencies. Austria attaches great importance above all to children's rights and their implementation. Here too, an increase to come up to the EU average would mean tripling the core contribution.

- Above average increase in voluntary contributions (core and non-core) for the following smaller UN agencies. This concentration is in keeping with the thematic ADC priority sectors energy (and environment), good governance, the empowerment of women and rural development (decentralisation). This is also seen as a contribution to improving the efficiency of subsections of the UN development architecture, since Austria can exert greater influence on internal organisation and efficiency in smaller organisations as a larger contributor.
 - **UNIDO:** As part of the reform process, measures will have to be continued in reorganising the field offices (establishing UNIDO desks in UNDP representations) and sharpening the agency's profile. Austria supports these efforts, particularly with a view to the thematic focus on energy (and environment) and plans to raise the Austrian contributions fivefold. At the beginning of 2008, the UNIDO DG will take over the chair of the interagency mechanism UN-Energy. As a host country, it is in Austria's interest to support this work.
 - **UNODC:** In recent years, the UN Office on Drugs and Crime has focused on advising governments in effective countermeasures against such problems as corruption, terrorism and organised crime, in particular human trafficking. Depending on the budgetary funds available, Austria would increase its contribution fivefold in keeping with the ADC focus on good governance and human security.

- **UNIFEM** (or successor agency): The four objectives of the fund largely coincide with the Austrian priorities of reducing 'feminised' poverty, countering violence against women, containing HIV/AIDS amongst women and girls and promoting gender equality in post-conflict situations. Subject to the reform of the UN gender architecture underway and the budgetary funds available, Austria plans to raise its contributions by a very large margin (fivefold) to implement the ADC priority sector, empowerment of women.
- **UNCDF**: The specialisation of the UN Capital Development Fund in microfinancing services and promoting decentralisation tallies with the ADC focus on pro-poor, private sector development at micro level, decentralisation and local development. As a traditional partner of UNCDF, Austria will therefore make efforts to raise the Austrian contribution far more (fivefold, provided the budgetary funds are available), also with a view to closer linkage with the ADC bilateral local development programmes.
- **UNFPA**: Since the World Population Conference in Cairo (1994), the UN Population Fund has increasingly concentrated on reproductive health, with the focus on family planning, national population policy for sustainable development, poverty and HIV/AIDS as well as gender equality and empowerment of women. ADC will seek to continue the exemplary cooperation with UNFPA at country level, as its projects often complement Austrian efforts and the agency is also very amenable to know-how transfer and cooperation. In pursuit of the ADC focus on women, Austria plans to increase its contributions by a very large margin (fivefold, also subject to the availability of budgetary funds).

■ The following complementary measures are envisaged:

- **MOPAN plus**: Every year, this network of like-minded donors appraises the activities of three to four multilateral development organisations with a view to entering into closer dialogue for raising efficiency. An expansion and intensification of the system in anticipation of the general increase in multilateral contributions is under discussion. Austria plans to take an active part.
- Continuation of the Austrian commitment to **reorganising the UN development architecture** in the following sectors:
 - Women: Austria supports the new, financially strengthened Gender Unit under the direction of a UN Under-Secretary-General, which besides development agendas is engaged in implementing SC Resolution 1325 (2000) and is also active in normative frameworks.
 - Energy (partly through support for UN-Energy)
 - Harnessing the resources of complex international engagements in the field (such as peacekeeping operations) to boost local development processes with development actors
- Developing Vienna as a centre for:
 - energy issues, by supporting UN-Energy,
 - human security, through the improved networking of organisations based in Vienna into a Vienna Environment on Human Security.
- **Expansion of the JPO and UNV programmes**: In a steadily intermeshing international environment, knowledge of the internal processes in partner organisations is crucial. A major tool is the limited-term secondment of young Austrians seeking a career in international development policy. The UN Volunteers Programme also serves as a career springboard for young university graduates from ADC priority countries in UN agencies. Austrian participation in the two programmes will be increased substantially, also for providing logistical support to the five focus organisations.

- **Increased contributions for humanitarian organisations:** Chronically underfinanced by Austria in the past, humanitarian aid (OCHA, UNHCR, IKRK, UNRWA) needs much more support.

Austria's FAO membership: strategy for 2007–2009

Austria has been a member of the Food and Agriculture Organization of the United Nations (FAO) since 1947. The annual membership contribution varies according to the UN country scale. It is paid from the budget of the Federal Ministry of Agriculture and Forestry, Environment and Water Management and amounted for 2007 to EUR 1.55 million and US\$ 1.55 million – split in two currency tranches since the resolution of the 32nd FAO Conference.

As defined at the two world food summits in 1996 and in 2002, the prime goal of FAO is to work towards reducing the number of people suffering from hunger, with increased attention paid to sustainable development in the agriculture, forestry and fishery sectors, entrusting national governments with responsibility for implementing food security programmes. This conforms with the first Millennium Development Goal (MDG 1) of halving the number of people suffering from extreme poverty and hunger in the world by 2015. The adoption of the **Voluntary Guidelines to Support Member States' Efforts to Achieve the Progressive Realization of the Right to Adequate Food in the Context of National Food Security** by the FAO Committee on World Food Security and the FAO Council in autumn 2004 forged another aid tool based on human rights. Austria also ratified the **International Treaty on Plant Genetic Resources for Food and Agriculture** in 2005. As part of its FAO membership, Austria is also particularly active in the central ADC concerns of gender and rural development and will step up its activities here.

Austria will hold the **26th FAO Regional Conference for Europe in 2008**. Under the FAO's Special Programme on Food Security, the Federal Ministry of Agriculture, Forestry, Environment and Water Management is taking part during the Three-Year Programme period in a regional water project in Africa. In Austria, strategies will be continued to raise awareness of the FAO mission.

3. International financial institutions

3.1 Revision of IFI strategy

After its expiry in mid-2008, the current strategic policy document of the Federal Ministry of Finance for the international financial institutions (IFIs) will be revised.

The strategy revision will entail the following innovations:

■ IFIs in the changing international development finance architecture

The international development finance landscape is changing on the one hand due to the mounting influx of private finance into developing and transition countries, especially middle income countries, and on the other owing to the emergence of new donors as well as new, mostly vertical instruments (global funds), both largely outside the framework of the Paris Declaration of 2005. IFIs must redefine their roles and position themselves in an international division of labour in line with their comparative advantages. New donors must be involved more closely in donor consultations at international policy level and at coordination level in the partner countries, where IFIs perform an important function.

■ Role of IMF

The IMF should continue to engage in developing countries, but should be aligned more closely with the multilateral development banks (MDBs). In substance, the Poverty Reduction and Growth Facility (PRGF) should also remain under the auspices of IMF. In macroeconomic surveillance, the international monetary and financial system and in short-term crisis interventions, the facility should continue to be available to low income countries free of charge. A global institution with the functions of IMF is preferable to several independent regional institutions (possible independent Asian and Latin American funds). To assure the long-term viability of this joint, multinational institution, the developing and transition countries must be given greater say in its policymaking and programmes.

■ Argument for IFIs

The structures of private capital flows improved in the 90s, but they still depend on business cycles and are therefore volatile in the long run. Long-term private capital flows into all developing countries and regions are still inadequate. IFIs and other international development finance donors close this gap. IFIs also offer a combination of finance and specific development know-how that is not otherwise available. Compared with that of bilateral donors, vertical funds and NGOs, operational policy in IFIs is generally relatively transparent for their shareholders and responsive to their influence, despite the evident need for reform in corporate governance. Moreover, thanks to their organisational status as banks, IFIs meet very high administrative and personnel standards at low costs for the donors, leaving more ODA for the developing countries.

■ IFI reforms

All IFIs need reforming, the paramount deficit of the Bretton Woods institutions being their governance setup. Developing countries must be given a far greater voice and representation. Account must, however, be taken of the interests of the small and poor countries, not just the increased economic performance of the more advanced and transition countries. The improved access of many middle income developing and transition countries (MICs) to the international capital markets, the resultant decline in non-concessionary loans issued by IFIs, early repayments and diminishing income from lending are prompting IFIs to reappraise strategy in the direction of new and more demand-led financial products for MICs. The discussion in this connection is about separating lending from know-how, leaving it up to the partner countries to choose.

Although gearing IFI facilities to MIC demand is a very welcome development, it is also important to stress that these institutions must not be permitted to enter into competition with commercial banks. For IFIs, meeting demand can only mean seeking out those niches (underdevelopment, poverty) that are ignored or neglected by private capital and bearing the higher risk entailed.

The future specific development of knowledge banks will be crucial for defining the comparative advantages of IFIs.

■ **Basic direction of development policy**

The IFI strategy outlines the Federal Finance Ministry's basic development policy position on IFIs. Besides the key themes already contained in the first version, such as poverty, growth, governance, sustainability, institutions, debt relief, globalised trade, the revised version will also address fragile states, global public goods and harmonisation & alignment (see Chapter IV.1). An additional, separate chapter will be devoted to gender, which has been treated as a cross-cutting theme so far.

■ **Austrian economic interests**

Austria will continue to pursue its economic interests in the IFIs, above all by improving the international framework, raising procurement shares, internationalising its economy through the use of MDB analyses and project work and stepping up Austrian participation in MDB activities, without prejudicing the interests of the developing and transition countries in any way.

■ **Main activities**

In cooperation with IFIs, the main areas where the Federal Ministry of Finance concentrates its own activities are international trade, water and sanitation, renewable energy and energy efficiency as well as education. Trust fund financing will be possible in these sectors in future.

3.2 New trust fund financing

Consultancy trust funds are in operation in the African Development Bank and the International Finance Corporation. Two further trust funds are planned in the World Bank, one for the Energy Sector Management Assistance Programme (ESMAP) and one for a programme for capacity-building in trade.

Planned Finance Ministry cooperation with the World Bank Institute (WBI):

Capacity building for international trade and regional convergence

In selected sub-Saharan African and major Middle East and North African (MENA) states, the programme will contribute to promoting reform in agricultural goods trade and the related regulations for regional convergence as vehicles for growth and poverty reduction. Its first component comprises building research capabilities, collating the available database and carrying out analytical studies where data is lacking. The second component will hold a series of country and regional workshops to bring researchers from the first component in touch with the decision-makers, negotiators and other key figures in national trade policy. The findings of the studies, the material compiled and the analyses will be channelled into practical policymaking, positions and action plans on agricultural trade reform and will also prepare the way for a permanent dialogue between the two groups. In another component, the documentation prepared will be disseminated through publications and university and distance learning courses.

3.3 Replenishment of the International Development Association (IDA), the Asian (AsDF) and African Development Funds (AfDF)

The 15th replenishment of IDA, the 10th replenishment of AsDF and the 11th replenishment of AfDF will be discussed in 2007 and partly in 2008. Major substantive themes are the international development finance architecture, fragile states, infrastructure, education, regional convergence/multinational operations and more. The extent of Austrian involvement is subject to parliamentary decisions.

3.4 FIAS partnership

The Federal Ministry of Finance plans to conclude a partnership agreement with the Foreign Investment Advisory Service (FIAS) of the World Bank Group. The focus will lie on improving investment promotion policies and new investments in Eastern and South Eastern Europe.

3.5 New World Bank office in Vienna

For the Road to Europe – Programme of Accounting Reform and Institutional Strengthening (REPARIS), the World Bank will open an office in Vienna at the end of 2007. In the course of this, a headquarters agreement will be concluded between the Republic of Austria and the World Bank.

3.6 JPO programme with the World Bank

As of 2007, the Federal Finance Ministry will finance three new two-year to three-year contracts for Austrian junior professional officers (JPOs) in the World Bank. The job profiles of the positions conform with the strategic priorities of the Federal Ministry of Finance and are advertised at the beginning of each year.



Part V: Policy coherence

1. Vision

1.1 Definition

Policy coherence for development is a key element for effective poverty reduction in implementing the Millennium Development Goals. Coherence acts as a kind of 'policy axis' that generates synergies with other policy fields and seeks to prevent adverse reciprocal effects.

Definitions in the international context

"The coherence problem in developing and industrialised countries consists in matching international policy elements with the corresponding national policy elements to obtain the desired policy outcome in the most effective and efficient way. In the case...of development initiatives, coherence means furthering the connections...between development cooperation and other international policies of the industrialised countries and also managing those between development cooperation and the national policies of the developing countries."
Inge Kaul, Über Entwicklungszusammenarbeit hinaus: Die Bereitstellung öffentlicher Güter (Beyond development cooperation: the provision of public goods), in publication

"Coherence seeks to bring about an effective interaction of activities by different actors, to develop a joint strategic approach and minimise contradictions or conflicting goals wherever possible."

Ulrich Schneckener, Frieden machen: Peacebuilding und peacebuilder (Making peace: peacebuilding and peacebuilders), Die Friedens-Warte 2005

The principle of coherence has gained currency at international and EU level. The frame of reference for ADC is the EU Consensus (2005), the biennial EU Report on Policy Coherence for Development, the OECD/DAC Good Practices (2005) and the recommendations of the Panel on System-wide Coherence (2006) for the UN system. ADC aims to draw more attention to the issue in public and in policymaking, also in cooperation with the Austrian parliament.

This policy mandate is also stipulated in law in Austria. As per Art. 1 of the Development Cooperation Act, the aims and principles of Austrian development policy must be accounted for in all policy fields affecting developing countries. Under Art. 22 of the Act, responsibility for ensuring development-policy coordination is incumbent on the competent department in the Federal Ministry for European and International Affairs.

The central concern in the planning period 2007–2009 will be to assemble theme clusters (see Chapter III), i.e. collating the contributions of all Austrian development actors to gain a coherent, overall picture of ODA, glean information on division of labour, complementarity and geographical and sectoral distribution. The coherence issue will be dealt with by the state-secretary working group on the ODA schedule, by interministerial coherence working groups, in formal dialogue with Austrian NGOs or sectoral exchange with the private sector and development platform. The know-how and resources of Austrian industry and commerce can make major contributions here. Internally, the coherence aspect will be increasingly catered for in ADC policy and planning instruments.

1.2 Aims

In the medium term, ADC will attach priority to the following areas in the **coherence agenda**:

■ International economic relations:

Particular attention will be paid to trade, developmentally sensitive ACP-EU economic partnerships and the Aid for Trade Package as well as the Doha Development Round in the WTO: As expounded in the Monterrey Consensus, national economies are intermeshed in the global economic system, so that the effective use of trade and investment facilities can help them to reduce poverty. Attended by national reforms and concerted national economic policies, trade can alleviate poverty and act as a catalyst for sustainable development.

■ Global energy issues, environment, climate change:

ADC sees its commitment in these areas as a contribution to providing so-called global public goods that cannot be delivered at national level. For example, ADC is working on the interministerial preparation of a multilevel strategy paper on environment and development to include aspects of desertification and biodiversity.

■ Gender equality:

In implementing the Austrian Action Plan on United Nations Security Council Resolution 1325 (2000), priority is attached in the coherence agenda to the role of women in post-conflict situations and their contribution to human security.

■ Also planned is an **amendment of the Development Aid Workers Act** of 1983. The Act will be brought into line with changes in social legislation and development cooperation requirements.

■ **Specific current coherence themes**, such as fragile statehood or security sector reform, can be addressed as required. This Three-Year Programme will deal with the pressing issue of migration and development.

2. Migration and development

2.1 Current international position

Development and migration has come to the fore as an issue on the international agenda since 2006. The UN addressed it in a High-Level Dialogue in the General Assembly in September 2006. Following its first meeting in July 2007, without a General Assembly mandate, the Forum on International Migration and Development will identify the scope for practical cooperation amongst interested actors and take relevant measures.

In the European Consensus in 2005, the EU identified migration as an issue requiring common development cooperation action. Relations between the EU and Africa have gained impetus since the EU-Africa Ministerial Conference in November 2006 in Tripoli and Austria has initiated a regional working group on migration between ECOWAS and the EU.

2.2 Interfaces between migration and ADC

The main interfaces between migration to Austria and the priority countries of ADC lie in South Eastern Europe, largely in Serbia, Bosnia and Herzegovina and Moldova. With remittances amounting to approximately a third of GNI, Moldova is also most heavily dependent on expats. ADC therefore focuses on South Eastern Europe as a region and especially on Moldova.

2.3 ADC activities in the South Eastern European region

Easing visa regulations

ADC will carry out supporting measures to implement the EU roadmaps for the Western Balkan countries to ease entry regulations, which Austria co-initiated. Specifically, ADC will provide information folders and advice on the chances and risks of migration at the visa application office in Chisinau opened by Austria in April 2007 as a pilot project in this sector and make information available to diaspora communities in Austria.

Youth and the Balkans – focus

To help stem the brain drain of well-trained, young people under 30, ADC holds a competition every year for students from the Western Balkan countries followed by a job fair. In cooperation with the Federal Ministry of Economics and Labour and the Austrian Federal Economic Chamber, students are introduced into the management of Austrian companies that invest in the South East European region so they can contribute to developing the private sector in their home country. At the same time, ADC will continue with its efforts in the institutional development of universities, university reform and the improvement of the educational system to meet European standards.

Anti-Trafficking Initiative

ADC attaches priority to fighting human trafficking. Under its regional programme for South Eastern Europe, it is implementing a multi-year project initiative against trafficking in women and girls. Assistance is given to measures in the three intervention areas, prevention, awareness and victim protection as well as criminal prosecution. EUR 2.5 million is available for this initiative over the programme term.

Moldova country programme

The main reasons for emigration from Moldova are poverty, lack of future prospects on the labour market and the patriarchal social order. The vulnerable migrant families are placed at a social disadvantage. Developmental approaches therefore focus on employment policy, above all support for production capacities in rural areas, on improving the investment climate for the private sector, enlarging refinancing facilities in the local banking sector and on anti-corruption. Flanking this, ADC will place emphasis on gender mainstreaming and child care in households run by children. Building production capacity can entail information, training and start-up assistance for Moldovan nationals resident in Austria seeking to return to their home country.

2.4 Involvement in the EU discussion

ADC will support the overall migration policy approach adopted by the European Council in December 2006, placing particular stress on its regional dimension.

For ADC, though, the European Council conclusions entail a national mandate in policy coherence. In the national framework, ADC supports forms of migration that could benefit development as a result of the EU mobility partnerships scheduled for negotiation. ADC will also sound out options with the Federal Ministry of Finance for using migrant remittances as a lever for promoting SMEs in the countries of origin. ADC generally advocates allocating development aid funds solely for the migration and development priorities set out in this Three-Year Programme.

2.5 Involvement in the Global Forum on International Migration

ADC sees the Global Forum on International Migration as an informal platform for dialogue on migration and development amongst origin, transit and destination countries. The Forum can make a major contribution to exchanging experience, particularly also to coherent, that is, developmentally sensitive approaches beyond border controls at regional level, and to compiling and evaluating best practices and innovative multilateral approaches. In the opinion of ADC, it is particularly important for all the countries affected to be able to explain how they see the problem. The dialogue will (likely) be continued in Manila in 2008. ADC will advocate regional approaches by those affected. Through international background studies, the Forum can raise practical knowledge about the reasons for migration. A major concern of ADC is to pay adequate attention to the horizontal themes of gender and human rights protection in migration.

South Eastern Europe: Eco-Net – private sector and vocational training

A particularly successful project in the training sector spans a bridge between industry and commerce and vocational training. Modelled on the Austrian system, Eco-Net operates a scheme for practice firms at various vocational business colleges in Albania, Serbia, Montenegro, Kosovo, Macedonia and Bulgaria. This practical training approach will be incorporated into the curricula in the medium term.

Bosnia and Herzegovina: start-up assistance for young graduates

Owing to the many problems in Bosnia and Herzegovina, broad sections of the population, above all youth, see no prospects for the future. To do something about this, ADC supports graduates from Tuzla University. A business start-up centre has been set up with Austrian know-how. The young graduates are encouraged to take entrepreneurial initiative through personal advice, training measures, exchange programmes and competitions for business ideas.

Moldova: agricultural competence centres

Rural enterprises need well-trained workers who are familiar with the regional conditions and resources. In close cooperation with local enterprises, agricultural schools will be transformed into competence centres for rural development. Besides agricultural training proper, the courses will also take into account sectors that are closely allied with rural development, e.g. intermediate trade or product processing.

Moldova/IOM: coordination of repatriation and reintegration assistance for voluntary returnees to Moldova

The project aims at the long-term return and reintegration of Moldovan nationals resident in Austria who are applying for or entitled to asylum or protected under non-refoulement.

The project was developed under the guidelines of the European Refugee Fund in cooperation with the Federal Ministry of the Interior and as part of bilateral cooperation with Austrian development cooperation. Prospective Moldovan returnees are counselled in close cooperation with the respective competent authorities and partners at national and local level. The project comprises the publication of a bimonthly circular on the opportunities and the situation in Moldova, profiling for appropriate advice, a facility for individual enquiries, the organisation of the return and the implementation of start-up assistance. This ensures that the repatriation advice, the management of the return journey and arrival in Moldova and the local reintegration measures are linked together into a single process.

Particular attention is paid to supporting persons in need of protection, such as unescorted minors, older persons, women, members of ethnic minorities or those suffering from ailments. Up to 150 people are expected to avail themselves of the reintegration facilities and opt for voluntary return in the project period between 2005 and 2007.



Part VI: ODA quality assurance

1. Implementation of the Paris Declaration recommendations

1.1 On the way to Ghana 2008

1.1.1 Context

The Paris Declaration on Aid Effectiveness of 2 March 2005 sets out the criteria for more effective and, with that, more successful poverty reduction. These are ownership, donor alignment with partner systems harmonisation of their interventions, management for results, and mutual accountability for the cooperation process⁶. The international donor community has set itself a binding framework for the expected increases in ODA contributions, which will also help in budget planning.

Preparations are well underway for the follow-up conference to the Paris Declaration, the High Level Forum in Accra/Ghana in September 2008, and a second monitoring round on the Paris Declaration has already started. To actually undertake the complex process for attaining the international development goals at partner country level, the new donors China, India and Brazil must also be involved in joint consultations and activities. The planned final document, the Agenda on Action of Accra (AAA), due for review in 2010, will then be endorsed by the UN General Assembly.

1.1.2 Paving the way

In the light of the monitoring results in 2006, three aspects are of prime importance for the Accra Agenda:

- Rapid elimination of deficits in joint donor planning and partner ownership
- Maximising cooperation, particularly through programmes based on the division of labour and long-term planning of donor allocations
- Enlisting the support of new donors for the goals of the Paris Declaration

⁶ The five Paris Declaration principles: ownership, alignment, harmonisation, management for development results, mutual accountability.

As pointed out in the chapters on clustering and coherence, all Austrian ODA actors must act in concert to master the enormous challenge of providing more and better assistance. As a small donor, Austria will also have to engage more in coordination and consultation with others in the field to raise its visibility. These processes call for clear objectives, for increasing implementation in the requisite 'joint missions and common procedures' (operationalisation based on the division of labour as per the 2006 EU Code of Conduct, budget support, delegated implementation arrangements, jointly financed studies, capacity building, etc.).

Central America: regional project

Using a broad range of finance instruments, development cooperation will seek to harness capacities in ongoing commitments and apply lessons learnt, while streamlining and sharpening profiles in the priority sectors, and to cooperate with international partners (e.g. Finland under the energy partnership). Setting these priorities will also ensure compliance with the EU-LAC summit and REAL 2006.

Austria supports innovative energy solutions in Central America under the cooperation agreement signed on 19 February 2007 with the Central American Partnership for Energy and Environment worth a total of EUR 1.8 million. ADC will also promote renewable energy projects in Central America between 2007 and 2009 (baseline studies and pilot projects). A first project with an Austrian organisation (CONA) for using solar dryers is already being set up under the 'alliance'.

1.2 ADC Action Plan

The ADC Action Plan on Implementing the Paris Declaration will be updated and examples of effective cooperation added as evidence of ADC progress under the 5 pillars (good practices from Uganda, Nicaragua, Mozambique, Albania).

In the priority countries/key regions, the ADC Paris Declaration Action Plan focuses in particular on the following:

- Sharpening the thematic and geographic profile of ADC
- Stepping up cooperation based on the division of labour with other donors, including exchanging operational areas (South as well as East)
- Cooperating with the new EU member states
- Managing knowledge and raising developmental effectiveness, particularly via cross-cutting themes such as gender, governance, environment and energy
- Involving parliaments and civil society in the discussion on mutual accountability
- Collaborating in the OECD/DAC expert groups on monitoring and mutual accountability
- Stepping up engagements in the UN apparatus for quality assurance in multilateral development assistance (see Chapter II.2)

In the runup to the high-level fora in 2008 and 2010, ADC will report on the Action Plan and cite practical examples of quantitative and qualitative progress towards joint programmes and improved performance. This will also be supported with a two-phased evaluation:

- Phase 1, 2007: review of the scope in coordination offices for active participation in harmonisation and alignment in partner countries
- Phase 2, 2008: review of prospects for budget support in the priority countries



Annex

Forecast scenario 2007–2008

(EUR millions)

Total ODA		2003	2004	2005	2006	2007	2008
			Results		Interim result	Forecasts	
1	Bilateral ODA	202.22	283.75	991.25	879	965	1,050
1.1	Total ADC (ADA)	67.12	80.97	93.48	106	104	104
	Budget operational measures (South and East)	61.91	68.72	77.08	85	84	84
	of which ERP funds	5.21	4.13	7.58	11	8	8
	of which ADA administrative costs		8.13	8.82	10	12	12
1.2	Other public donors	168.12	205.68	901.47	777	865	950
1.2.1	Federal government, other ministries	163.88	201.57	873.09	747	840	925
	Investment project aid	0.21	0.01	0.01	0	1	1
	Programme aid	0.00	0.19	4.89	5	1	1
	Technical cooperation: scholarship, etc, state	16.65	16.56	18.27	18	17	17
	Technical cooperation: imputed student costs	41.33	38.14	49.17	58	50	50
	Disaster relief/Refugee aid	31.39	43.88	40.54	32	32	32
	of which: asylum seekers	30.19	41.59	29.75	30	30	30
	other emergency aid	1.20	2.29	10.80	2	2	2
	of which debt reduction	36.22	74.79	727.24	600	695	775
	of which: interest rate reductions	29.37	27.40	29.56	31	30	35
	other debt reductions	6.84	47.40	697.68	569	665	740
	Subsidies for loan financing	0.00	0.00	0.00	5	15	20
	Other grants	38.10	28.00	32.96	29	30	30
	of which: administrative costs (except ADA)	16.77	15.30	15.34	16	16	16
	UN peacekeeping missions	19.27	10.45	13.40	10	11	11
	other (public relations, mixed forms, etc.)	2.06	2.25	4.22	3	3	3
1.2.2	Provinces and municipalities	4.24	4.11	28.39	30	25	25
1.3	Bilateral loans	-33.02	-2.90	-3.71	-4	-4	-4
2	Multilateral ODA	244.56	261.67	274.64	326	347	345
2.1	Contributions to UN organisations	18.57	21.08	21.73	23	31	31
	of which: voluntary UN contributions by MEIA	9.53	12.92	11.78	16	21	21
2.2	International financial institutions	73.67	76.84	72.47	112	130	118
2.3	Other organisations	2.74	2.89	2.93	3	7	7
2.4	EU	149.58	160.86	177.51	188	180	190
2.4.1	of which: budget	91.28	97.85	107.55	117	95	95
2.4.2	of which: EDF	58.30	62.01	69.96	71	85	95
3	Total ODA	446.78	545.42	1,265.89	1,205	1,312	1,395
	in % of GNI	0.20%	0.23%	0.52%	0.48%	0.49%	0.50%
	GNI in EUR millions	222,725	234,180	242,610	253,350	265,640	276,870



