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Three-Year Programme

on Austrian Development
Policy 2008–2010

Revised version 2008

Federal Ministry for

European and International Affairs

Imprint

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Foreword

It gives me great pleasure to present the latest Three-Year Programme on Austrian Development Policy, which addresses current global challenges, such as food security or climate change, and sets out specific policy approaches to deal with them. It provides a guideline for Austrian development policy, which seeks to make a contribution to combating poverty worldwide, safeguarding peace and human security and preserving the environment.

First, we need to make progress in regional programming with the aim of promoting regional convergence and allocating resources more efficiently.

Second, I attach importance as well to the strategic alignment with the poorest Sub-Saharan countries that form part of the partnership of the European and African Unions and makes up a vital component of my ministry's new Africa priority.

A special personal concern of mine is to step up cooperation with Austrian non-governmental organisations, at interministerial level and with parliament, on the way to making development policy a nationwide issue.

Dr Michael Spindelegger

Federal Minister for European and International Affairs

Vienna, December 2008



Abbreviations

ADA	Austrian Development Agency
ADC	Austrian Development Cooperation
AfDB	African Development Bank
AfT	Aid for trade
AsDB	Asian Development Bank
AU	African Union
CAADP	Comprehensive Africa Agriculture Development Programme
CAC	Consejo Agropecuario Centroamericano
CARICOM	Caribbean Community
CCAD	Comisión Centroamericana de Ambiente y Desarrollo
CCPDH	Consejo Centroamericano de Procuradores de Derechos Humanos
CDERA	Caribbean Disaster Emergency Response Agency
CENPROMYPE	Centro para la Promoción de la Micro y Pequeña Empresa en Centroamérica
CEWARN	Conflict Early Warning and Response Mechanism
CGIAR	Consultative Group on International Agricultural Research
COMESA	Common Market for Eastern and Southern Africa
CREDP	Caribbean Renewable Energy Development Programme
CSR	Corporate social responsibility
DAC	Development Assistance Committee (OECD)
DCI	Development Cooperation Instrument
DDAGTF	Doha Development Agenda Global Trust Fund
EAC	East African Community
EAD	European External Action Service
EC	European Commission
ECDPM	European Centre for Development Policy Management
ECOSOC	Economic and Social Council (UN)
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EDF RIP	European Development Fund's Regional Indicative Programme
EDFI(s)	European Development Finance Institution(s)
EEP	Energy and Environment Partnership with Central America
EIARD	European Initiative for Agricultural Research for Development
EIB	European Investment Bank
EIF	Enhanced Integrated Framework

ENDA-TM	Environnement et Développement du Tiers Monde
EPAs	Economic Partnership Agreements
ERA-ARD	Dimension of the European Research Area – Agricultural Research for Development
ERA-NET	European Research Area – Network
ESMAP	Energy Sector Management Assistance Programme
EU	European Union
EU-ITF	EU-Africa Infrastructure Trust Fund
EUPOL COPPS	EU Police Mission for the Palestinian Territories: Coordinating Office for Palestinian Police Support
FAO	Food and Agricultural Organization of the United Nations
FDI	Foreign Direct Investments
FEMA	Forum of Energy Ministers of Africa
FEMIP	Facility for Euro-Mediterranean Investment and Partnership
GFSE	Global Forum on Sustainable Energy
GLOF	Glacial Lake Outburst Flood
GNI	Gross national income
GRB	Gender-responsive budgeting
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HIPC	Heavily Indebted Poor Countries
HR	High Representative
ICG	International Crisis Group
ICIMOD	International Centre for Integrated Mountain Development
IDA	International Development Association
IDB	Inter-American Development Bank
IF	Investment Facility
IFAD	International Fund for Agricultural Development
IFI(s)	International Financial Institution(s) (World Bank Group)
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
IO	Internationalisation Offensive
IOC	Indian Ocean Commission
IRCC	Inter-Regional Coordinating Committee
IRI	Investment Reform Index
ITC	International Trade Centre
IUCN	International Union for Conservation of Nature
KEF	Commission for Development Studies
LDCs	Least developed countries
LICs	Low-income countries
LRRD	Linking Relief, Rehabilitation and Development
LTSF	Long Term Strategic Framework
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
MICs	Middle-income countries
MIFTAH	Palestinian Initiative for the Promotion of Global Dialogue & Democracy
MOPAN	Multilateral Organisation Performance Assessment Network
MoU	Memorandum of Understanding
MSMEs	Micro, small and medium-sized enterprises
NBCBN	Nile Basin Capacity Building Network
NEIS	National Environmental Investment Strategy

NEPAD	New Partnership for Africa's Development
NGO(s)	Non-governmental organisation(s)
NIF	Neighbourhood Investment Facility
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OeEB	Austrian Development Bank
OLADE	Organización Latinoamericana de Energía
OSCE	Organisation for Security and Cooperation in Europe
PASPA	Partenariat Stratégique pour la Paix en Afrique
PEGASE	Mécanisme Palestino-Européen de Gestion et d'Aide Socio-Economique
PIDG	Private Infrastructure Development Group
PLAAS	Programme for Land and Agrarian Studies
PNA	Palestinian National Authority
PRDP	Palestinian Reform and Development Plan
PRGF	Poverty Reduction and Growth Facility
PWA	Palestinian Water Authority
RAAN	North Atlantic Autonomous Region
RCC	Regional Cooperation Council
REPARIS	Road to Europe: Programme of Accounting Reform and Institutional Strengthening
RISDP	Regional Indicative Strategic Development Plan
SADC	Southern African Development Community
SARPCCO	Southern African Regional Police Chiefs Co-operation Organisation
SECCI	Sustainable Energy and Climate Change Initiative
SICA	Sistema de la Integración Centroamericana
SIPO	Strategic Indicative Plan for the Organ on Peace and Security
SLA	Sustainable Livelihoods Approach
SMEs	Small and medium-sized enterprises
SWAC	Sahel and West Africa Club
TFA	Trust Fund Agreement
UEMOA	Union Economique et Monétaire Ouest Africaine
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
UNIFEM	United Nations Development Fund for Women
UNLDC	IV 4th Least Developed Countries Conference
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
WSP	Water and Sanitation Programme Africa
WTO	World Trade Organisation



Part I: Strategic framework

Austrian official development assistance (ODA) amounted to 0.50 per cent of gross national income (GNI) in 2007, well over the EU target of at least 0.33 per cent. In its 2008 programme for the XXIV legislature, the Federal Government pledges its commitment to the following ODA targets: "The Austrian Federal Government will seek to meet the 0.51 per cent target in 2010. In view of limited budgetary funds, however, this target will be difficult to reach. Moreover, debt relief will decline drastically as of 2009, which will entail considerable additional budget requirements. Attaining this target will therefore call for financial efforts under the overall budget framework. This also holds for the longer-term Millennium Goal target of 0.7 per cent in 2015. Particularly disposable ADC funds and voluntary contributions to international development organisations will be continuously scaled up by a substantial margin in the next four years. Among other things, the Federal Government will also substantially increase funding for humanitarian aid." The plans for development cooperation in the government programme are subject to budget approval.

Actual disposable funds will only be decided after the parliamentary vote on the Federal Finance Acts 2009 and 2010 for the coming years. For the first time, the biannual budget adopted for 2009/2010 will be tied into multi-year planning, which will do much to make development assistance funding more predictable. All contributions, programmes, projects and plans of the Three-Year Programme will be implemented in keeping with budget scope.

The evaluation of the Austrian Development Agency (ADA) carried out by a German-Swiss team of experts in the first six months of 2008 confirmed that ADA has established itself as specialist agency and should continue operation. The final report was presented at a public event on 16 May 2008. Particularly affirmative note was made of the following:

- ADA is one of the few national agencies that have been certified for the implementation of projects by the European Commission (EC).
- Major progress has been made in explicitly setting out (and objectifying) sector policy documents and assistance conditionalities in writing.
- ADA is an organisation with an above-average ratio of women personnel.
- ADA has already built up a sound, interministerial profile in individual development sectors, particularly in environment.
- In its public relations, ADA does a professional job of presenting itself in an attractive way.
- In the estimation of the evaluators, ADA has made dedicated efforts to pursue the vision set out in its corporate policy (cooperation based on partnership, pro-active participation in the international donor community, constructive in dialogue, competent in executing its tasks, professional as an organisation) and has already made tangible progress towards its attainment.

- Pro-active cooperation with the private sector in development and business partnerships has elicited a keen response from companies.
- ADA has laid a sound foundation and created considerable scope for institutional learning and continued development.

The evaluators consider ADA capable of operating at twice the turnover in the short term with present capacity and explicitly recommend expanding in this direction. In tandem with this recommendation, they propose shifting away from the present small individual scale of the programme portfolio and venturing into larger programme transactions, including the responsible allocation of budget support. Both ADA and the Federal Ministry for European and International Affairs are presently working on implementing these recommendations.

In the view of the evaluators, ADA can only benefit by strictly applying the legally specified division of labour between the Federal Ministry for European and International Affairs as the strategic policymaker and itself as the executive agency. Included here are recommendations to the Federal Ministry for European and International Affairs for speeding up decision-making procedures and concentrating on the broader picture.

In line with this last recommendation, the present Three-Year Programme continues its course of strategic alignment already charted in previous programmes. The main changes in emphasis are outlined below.

Priority countries/key regions

The current priority countries/key regions will be retained. Possible new priorities can only be set when budget appropriations have been finally approved.

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, Serbia, Kosovo, Montenegro, Moldova ■ Palestinian Territories

As planned in the Three-Year Programme 2007 to 2009, work began on streamlining the administrative apparatus in Cape Verde and Senegal. Final indicative programmes have been drawn up for the two countries as of 2009. For the transition period, the respective ongoing indicative programmes will be extended to 2009. The cost savings will benefit development cooperation operations with African regional organisations, particularly the Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC).

The envisaged South Caucasus programme priority has been affected by the unforeseen conflict between Georgia and Russia. Providing budget funds are raised and depending on political developments, ADC plans to set up its own institutional engagement in Tbilisi (Georgia) and is seeking to step up cooperation with other donors with this in view. Instituting its own operations is only warranted for ADC, however, if it can have an adequate programmatic impact with these additional resources.

In the Central America regional programme, cooperation will be developed with the Caribbean Community (CARICOM) in disaster relief, drug trafficking enforcement and in climate and energy issues. The multilateral cooperation started with the Pacific Islands in the energy sector has proved worthwhile and will be continued to achieve sustainable results.

Thematic focuses

The thematic focuses will also be retained.

ADC's thematic focuses	
■ Water and sanitation	■ Private sector development
■ Rural development	■ Education and science
■ Energy	■ Governance

In response to keen interest both in partner countries and among Austrian institutions, the present Three-Year Programme contains more detailed provisions on scientific cooperation (as part of the education and science priority). Support will also be given here to strategic partnerships with higher education institutions in Austria.

In keeping with the recommendation of the Organisation for Economic Co-operation and Development (OECD) on mainstreaming environmental concerns more in development cooperation and with Austria's firm commitment to preserving the environment, a concerted interministerial strategic guideline is in preparation. The key points of the guideline are outlined in Chapter V.1.

ODA modalities

In line with developments in the donor community and with the priorities set by partner countries, Austria will retain a mix of various modalities in the planning period, while increasing the ratio implemented via programme aid, joint finance and new modalities (such as the deployment of EC funds through national agencies). Experience so far with (sectoral and general) budget support will be evaluated in 2009 and the findings channelled into the future design of ODA modalities.

Austrian Development Bank

The Austrian Development Bank commenced business in March 2008 and will be described in the present Three-Year Programme (see Chapter III.2).

Setting international priorities

Austria's political engagement in Africa gained momentum through its active participation in the EU-Africa Summit in Lisbon (December 2007) and with its initiatives in West and Southern Africa (EU-Africa Ministerial Conference in Ouagadougou in November 2007, Seminar on Peace and Development in Southern Africa in Johannesburg in June 2008). It has stepped up its engagement in the energy sector in Africa. Since 2007, Austria has been supporting energy projects via the EU-Africa Infrastructure Trust Fund (EU-ITF) and the Private Infrastructure Development Group (PIDG). It has also set international accents in organising the major conferences, Global Forum on Sustainable Energy 6 and 7: Africa is energizing itself (GFSE 6) and Energy Efficiency for Developing Countries (GFSE 7). GFSE was acknowledged by the Forum of Energy Ministers of Africa (FEMA) in the Maputo Declaration as a major international initiative. The conference helped towards establishing Vienna as a venue for international energy diplomacy in renewables and energy efficiency.

Together with Germany, Austria has taken on the chairmanship for implementing the EU Energy Partnership with Africa and is also involved in the Africa-EU Peace and Security Partnership. As a contribution to the EU-Africa Energy Partnership, it pledged in 2007 (Ouagadougou Conference) to set up a regional centre for renewable energy on the request of ECOWAS. More specific details on Austria's upgraded Africa policy are dealt with in Part II (innovations in country programming).

Implementing the Paris Declaration

The conference to review aid effectiveness in Accra, Ghana, at the beginning of September 2008 marked an initial milestone in the implementation of the Paris Declaration of March 2005. Austria has identified ways of implementing the five Paris principles – ownership, alignment with partner systems, donor harmonisation, management for results and mutual accountability – and set these out in an action plan.

The food crisis, high energy prices and climate change will continue to be key issues in international development-policy debate during the programme term. The Austrian position on these issues has been framed in close cooperation with other ministries and is outlined in the chapter on policy coherence.

So far, the Doha world trade round has not borne fruit as hoped. The negotiations on the Economic Partnership Agreements (EPAs) have only been brought to a formal conclusion in one region, the Caribbean. Austria is involved in EU efforts in trade and development as envisaged in the Three-Year Programme 2007 to 2009 by way of cooperation with the United Nations Industrial Development Organisation (UNIDO) in quality assurance and metrology and plans to step up support for initiatives by regional organisations, particularly in West and Southern Africa.

Cooperation with non-governmental organisations

Austrian non-governmental organisations (NGOs) engaged in development assistance and humanitarian aid have forged a new alliance and now cooperate in the Austrian Platform for Development and Humanitarian Aid, Global Responsibility. The Co-ordination Office of the Austrian Episcopal Conference for International Development and Mission is responsible for the developmental measures of the Roman Catholic Church in Austria.

Global Responsibility – Austrian Platform for Development and Humanitarian Aid

As successor organisation to the Working Association for Development Cooperation and the Austrian EU Platform, the Austrian umbrella organisation of NGOs engaged in development and humanitarian aid, Global Responsibility, was founded on 13 December 2007. It thus draws on about 20 years of expertise and experience in networking, shaping opinion and advocacy.

Global Responsibility represents the interests of Austrian NGOs engaged in development cooperation, development policy activities in Austria (educational, cultural and public relations activities, advocacy, lobbying and campaigning in Austria and Europe), humanitarian aid and sustainable global economic, social and ecological development.

Together with local partner organisations, the members of Global Responsibility carry out projects and programmes in over 100 countries and educational and informational work in Austria itself. Total project/programme finance amounts to about EUR 100 million. These funds are allocated for development cooperation, humanitarian foreign aid and educational and public relations activities. They stem largely from private donations from the Austrian public and contributions by ADC and the European Union.

As a political lobbyist, Global Responsibility works to shape Austrian, European and international policy in solidarity with the interests of the neediest people. It advocates equal opportunities and/or equal participation, an equitable global distribution of goods, peaceful development and the conservation of vital natural resources. Humanitarianism and respect for political, social, cultural and economic human rights make up the parameters for attaining all goals and implementing related activities. Thanks to its non-partisan and autonomous status, it is able to take decisions and act on its own.

By giving access to agencies providing humanitarian aid, the new umbrella organisation has for the first time in Austria built a bridge between short-term, acute foreign disaster aid and long-term development cooperation. Both areas overlap in the continuum of assistance and this systemic alliance is now represented in a joint advocacy group.

Goals and fields of activity

- Shaping opinion and framing positions on development-policy and humanitarian issues
- Advocacy, lobbying, information and media activities
- Improving and expanding development cooperation, humanitarian aid and development policy activities in Austria
- Raising public awareness of developmental themes and humanitarian agendas
- Instilling appreciation of the connections between development cooperation and humanitarian aid
- Securing and/or enhancing the status of civil-society organisations
- Collating information for member organisations
- Preparing concerted opinions and assessments

Attaching special priority to strengthening civil society

To be able to achieve developmental goals, the trend towards greater direct support for governments must go hand in hand with specific efforts to strengthen local civil society. ADC seeks to ensure that funds for poverty reduction are actually allocated to improve social and economic conditions for the poorest sections of the population and reaffirm basic social, economic and political rights. Exchanging experience and transferring know-how between civic organisations in Austria and ADC partner countries play an essential role in strengthening democratic oversight in these countries. Austrian NGOs perform the important task of providing and applying appropriate instruments for capacity development in local organisations.

Contact:

Global Responsibility – Austrian Platform for Development and Humanitarian Aid
Apollogasse 4/9, 1070 Vienna, phone: +43 (0)1 5224422
www.globaleverantwortung.at

ADC's successful cooperation with the NGOs will be continued during the programme term under the present modalities.

Development information and educational, cultural and public relations activities

ADC informs the Austrian public on development policy. It helps to raise awareness of international development issues and communicates Austria's contribution to sustainable development in a transparent and understandable way as part of its mandate. Raising public awareness is a priority of all EU partners and the OECD Development Assistance Committee (DAC). With its strategy for development information and educational, cultural and public relations activities with NGOs in Austria, ADC aims at fostering a lively communication and discussion platform for development policy with broad public participation.

Private sector and development

Private sector and development traditionally intervenes at three levels:

- Enhancing the framework for private sector engagements in partner countries (enabling environment)
- Promoting the private sector, especially micro, small and medium-sized enterprises (MSMEs)
- Harnessing the potential of European/Austrian private sector

Another emerging field of activity with a close bearing on the other levels is Aid for Trade. Development in partner countries is influenced by several factors. Besides assistance, trade makes an important contribution to development. Building up trade-related industrial capacity contributes to reducing dependence on a few products only. Aid for Trade is that part of private sector and development that aims at promoting trade for poverty reduction. The EU Strategy on Aid for Trade adopted in 2007 provides the main frame of reference. In its Council Conclusions of May 2008¹⁾, the EU also reiterates its collective commitment to allocate EUR 2 billion a year for trade-related assistance as of 2010. (For other aspects of this theme and the Austrian position, see Chapter III.1.)

1) EU Conclusions of the Council and Representatives of the Governments of Member States on the EU as a global partner for development: Speeding up progress towards the Millennium Development Goals (9907/08)

As part of the Internationalisation Offensive (IO) and with a view to aligning development cooperation more closely with the private sector, the Federal Ministry of Economics and Labour set up the new Information Office on Business and Development in 2008. Through specialist conferences and information and communication measures, it seeks to raise appreciation of the business side of development cooperation and make the public more aware of the reciprocal benefits of private sector and development initiatives. The Information Office addresses both Austrian enterprises and a broader public. An advisory committee with representatives of the relevant public bodies in private sector and development ensure the necessary coherence with other Austrian activities.

Complementary to ADC, private sector development in partner countries is promoted by the Internationalisation Offensive of the Federal Ministry of Economics and Labour. This includes stepping up the engagement of Austrian enterprises in emerging markets as a major contribution to strengthening the private sector in partner countries.

Development cooperation and gender

Austria's commitment in gender equality and women's empowerment was singled out for a 'torch' award under the MDG 3 Torch Campaign initiated by Denmark. ADC will be devoting additional attention to Millennium Development Goal (MDG) 3 in all areas (projects and programmes, private sector and development, development information, educational, cultural and public relations activities). As in the past, the gender aspect will continue to be systematically mainstreamed as a cross-cutting issue in all ADC activities during the planning period from 2008 to 2010. Development and foreign policy measures to promote gender equality and non-discrimination focus on the specific role of women in post-conflict situations, preventing violence against women, including traditional practices, medical care, supporting an enabling environment for microbusiness and political participation.

Gender-responsive budgeting

Gender responsive budgeting (GRB) is an efficient instrument for involving women in political processes. It enables the principle of gender equality to be applied when allocating public funds and helps women to participate in planning processes and budgetary decisions. This is why ADC supports a programme by the United Nations Development Fund for Women (UNIFEM) in South Eastern Europe that builds up capacities in public institutions and NGOs for applying gender responsive budgeting and promoting a regional exchange of experience. The geographic focus is on Albania, Bosnia and Herzegovina, Macedonia and Serbia.

A number of projects implement the UN Security Council Resolution 1325. New priorities will be set at global level, particularly in preparations for a 10-year review of the resolution by the Security Council in 2010. In the West Africa region in particular, ADC will over the medium term be supporting an initiative by the Presidents of Liberia and Finland to set up a centre for women's empowerment, capacity building among female executives and peace and security.

Environment and development

Preserving the environment and protecting natural resources number among the primary objectives of Austrian Development Cooperation, as stipulated in the Federal Development Cooperation Act. ADC promotes the sustainable use of land and vegetation. It is engaged in developing renewable energy, sustainable water supply and sewage disposal. With the dissemination of modern technology in industry and commerce, ADC supports clean production. Since the preservation of the environment is a pervasive cross-cutting issue in all areas of development cooperation, all projects and programmes are subjected to an environmental impact assessment and duly evaluated as part of quality assurance.

The development of a strategic guideline for environment and development will place partnership with national institutions on a more coherent footing. This will support the efforts of public actors in Austria to engage in joint international activities. The framework will enable Austria to enlarge its range of measures in developing countries and communicate its environmental expertise effectively at international level.

Persons with disabilities in development cooperation

The United Nations Convention on the Rights of Persons with Disabilities and the related Optional Protocol entered force on 3 May 2008. Austria submitted its ratification documents on 26 September 2008 and is signatory party to the Convention and the Optional Protocol as of 26 October 2008.

Now that the convention has entered effect, ADC will press on with its efforts to account for persons with disabilities in its programmes and projects and pay due attention to inclusive development. The central concern is to ensure participation and equal rights for persons with disabilities. Prevention, rehabilitation and education are also essential to afford this group more opportunities of taking part in development. A special officer in ADA ensures that the rights of persons with disabilities are respected in programmes and projects.

Part II: Progress in geographical priorities

II.1 Outcomes of the EU-Africa Summit and synergies with ADC

At the second EU-Africa Summit, which took place in Lisbon in December 2007, the new Africa-EU Strategic Partnership was adopted. This marks a political breakthrough, because for the first time it goes well beyond traditional development themes and encompasses all aspects of relations between Africa and the EU (from policy dialogue to global issues, such as climate change).

The First Action Plan (2008–2010) for the Implementation of the Africa-EU Strategic Partnership specifies eight partnerships: peace and security, democratic governance and human rights, trade, regional integration and infrastructure, the Millennium Development Goals, energy, climate change, migration, mobility and employment as well as science, information society and space. With the involvement of civil society, both sides are currently working hard on setting up the institutional capacity to implement these ambitious goals.

Together with Germany, Austria has taken on the chairmanship for implementing the EU Energy Partnership with Africa and is also involved in the Africa-EU Peace and Security Partnership.

Austrian participation in the EU-Africa Trust Fund for Infrastructure

In April 2007, the European Commission, the European Investment Bank (EIB) and seven EU member states signed an agreement to set up the EU-Africa Trust Fund for Infrastructure. As a founder member, Austria has made an initial contribution of EUR 1 million. The trust fund is a major pillar of the EU-Africa Strategy as well as the EU-Africa Partnership for Trade, Regional Integration and Infrastructure. Via a combination of subsidies and loans, it finances transregional large-scale projects in energy, transport, information technology and water and makes up a major field of cooperation between ADC and the new Austrian Development Bank. As a member of the trust fund, the Austrian Development Bank cofinances cooperation with other development banks, particularly loans for energy projects. Via the trust fund, ADC provides grants for project development and as interest subsidies for investments.

Besides the fields of activity of the two partnerships mentioned above, cooperation in the three key regions of Africa (see Chapter II.2) also includes some themes entailed in the MDG Partnership (water/sanitation and land issues, local/rural development models and food security) as well as some of relevance to the Climate Change Partnership.

This affords great opportunities but also poses challenges:

- Policy coherence must be taken even more seriously by both sides to raise aid efficiency and tie in civil society more closely.
- Development cooperation needs to adopt a multidimensional approach that is no longer confined to assistance for poverty reduction (or for self-help) but also demands political responsibility for the use of natural (energy and environmental issues) and peacebuilding resources (questions of peacebuilding/keeping/enforcement, etc.).
- The partnership must now centre on the African development goal of economic integration on the way to political union (Abuja Treaty) by about 2040.

The Commission of the African Union (AU), its Peace and Security Council and subregional organisations, above all ECOWAS and SADC, play an important role in designing Africa's peace and security architecture. Austria is interested in strengthening its capacities and will make every effort to do this. Support and cooperation agreements such as the Memorandum of Understanding (MoU) with SADC (see Chapter II.2.2) could also be reached with the AU Commission and ECOWAS.

II.2 Regional programmes

The contents of regional programmes are directed at problems that are jointly identified by regional institutions and organisations as a common challenge and where national development programmes are unable to provide the best remedy: Thematically, ADC regional programmes concentrate on infrastructure (particularly water, energy), environment, climate and disaster control, land issues, local/rural development models and food security as well as crisis prevention and governance.

Regional programmes contribute to consolidating the process of geographical and thematic concentration by taking up innovative solutions and experience from previous partner countries in development and applying and disseminating these.

Strengthening law enforcement to prevent violence against women and human trafficking in the SADC region

Domestic violence against women and children and human trafficking pose a major obstacle to progress in equal rights for women in Southern Africa. Together with the United Nations Office on Drugs and Crime (UNODC) and provincial governments in South Africa, ADC has successfully promoted the establishment of crisis centres for women and children. Based on this experience, UNODC prepared the handbook, *Violence against Women*, with finance from multilateral cooperation funds. In collaboration with UNODC, the SADC Gender Unit and the Southern African Regional Police Chiefs Co-operation Organisation (SARPCCO), ADC now promotes the regional circulation of the handbook and its implementation. The plan is to train court personnel in six selected SADC member states, including the partner countries Mozambique, Namibia, Zimbabwe and South Africa. Awareness initiatives on domestic violence and the translation of the handbook into local languages will also be supported.

Regional exchange of experience through networks is gaining importance. Regional integration still takes centre place in programming.

The regional programmes are largely implemented via regional organisations and civil-society institutions with regional operations.

The range of assistance spans individual institutional development, specialist personnel capacity building for preparing (upgrading) regional sectoral strategies, strengthening management capabilities, research and knowledge networks and implementing practical programmes at regional and local level.

Geographical distribution of bilateral ADC funds (ODA relevant) 2005–2007 by key region

	Net disbursements in EUR millions					
	2005		2006		2007	
	Mio. €	in %	Mio. €	in %	Mio. €	in %
Key region West Africa/Sahel total	5.76	6.81	10.52	11.10	8.54	9.28
Key region East Africa total	17.84	21.08	19.51	20.58	17.78	19.32
Key region Southern Africa total	4.84	5.72	7.67	8.09	5.83	6.33
Key region Central America total	10.39	12.28	10.59	11.17	10.64	11.56
Key region Himalayas-Hindu Kush total	8.16	9.64	4.94	5.21	5.18	5.63
Key region South Eastern Europe/Western Balkans total	16.33	19.29	19.95	21.04	22.08	23.99
Other priority Palestinian Territories	4.20	4.96	4.69	4.95	1.83	1.99
Other key region South Caucasus	0.38	0.45	0.53	0.56	0.26	0.28
Special programme Western Sahara	0.36	0.42	0.49	0.51	0.22	0.24
ADC ODA outside priorities	16.39	19.36	15.92	16.79	19.67	21.38
ADC ODA total	84.66	100.00	94.82	100.00	92.02	100.00

Besides the disposable ADC funds shown in the table, which are administered by ADA, other funds eligible for ODA classification also flow into these regions. These include, for example, funds for peacebuilding measures in which Austria is engaged, Austrian contributions to multilateral programmes and a large part of its contribution to the EU.

II.2.1 Austria's development-policy position towards West Africa for 2008–2010

West Africa (ECOWAS plus Mauritania) has a large share of very poor countries, its resources are very unevenly distributed over territory and livelihoods and environmental conditions are fragile. With its heavy indebtedness, low foreign trade and dependence on fossil fuel imports, West Africa is hardly able to meet the challenges of globalisation. Over the last few years, there has been no sustainable reduction in poverty despite favourable economic data.

The regional organisations ECOWAS and the Union Economique et Monétaire Ouest Africaine (UEMOA) are spearheading tariff, monetary and market convergence in Africa. Large deficits and obstacles, however, persist in infrastructure and communications. At civil-society level, there are various networks and avenues of cooperation in the region, but these are disjointed due to the dividing line between the two main languages (English and French).

Austrian relations with West Africa gained considerable impetus from the conference in Ouagadougou in November 2007, to which Foreign Minister Dr Ursula Plassnik and her Burkina Faso counterpart invited all ECOWAS members. As tangible outcomes to the conference, Austria pledged to assist ECOWAS in dealing with energy issues, in initiatives to curb small and light weapons and in strengthening women's rights of political participation in the region.

Centre for renewable energy and energy efficiency

During the conference in Ouagadougou, Austria made a commitment to set up a regional centre for renewable energy and energy efficiency at the request of ECOWAS. The initiative can be seen as a practical contribution to the EU-Africa Energy Partnership and continues Austrian efforts to implement the regional ECOWAS Energy Access Strategy for rural regions (joint project with the United Nations Development Programme/UNDP). The centre will support regional information exchange, awareness measures, research, capacity building and the development of regional standards. It already networks available capacities in the individual ECOWAS countries. After a transition period, the institution is expected to be self-financing through its own earnings and ECOWAS contributions.

The ability to address the pressing problems, above all in poverty and environment, at local and national level, requires political and economic convergence at regional level but it also calls for social equity. The framework for this, such as democracy, participation and equal opportunities, peace and security, as well as the application of innovative development schemes, has improved in recent years. With this in view, the regional programme envisages promoting institutional partnerships in West Africa, such as ECOWAS, Environnement et Développement du Tiers Monde (ENDA-TM) and the Sahel and West Africa Club (SWAC) as well as regional projects on conflict prevention and renewable energy, flanked by South-South knowledge transfer on innovative local development schemes in sustainable farming and integrated resource management, crafts and micro/small enterprises, decentralisation and capacity building as well as education.

PRIORITIES

- **Energy:** assistance in setting up a regional centre for renewable energy and energy efficiency and implementing the regional ECOWAS Energy Access Strategy; finance for energy projects with regional impact via the EU-Africa Infrastructure Trust Fund and the Private Infrastructure Development Group
- **Conflict prevention:** evaluation and alignment of cooperation with the Partenariat Stratégique pour la Paix en Afrique (PASPA) and the ECOWAS early-warning zone offices
- **Local development schemes:** promotion of transnational exchange on sustainable agricultural production and marketing, food security and integrated resource management, supplemented by the dissemination of instruments for decentralisation and good local governance (in development planning, local finance schemes, participation and empowerment, accounting for research findings of the European Centre for Development Policy Management/ ECDPM) as well as education and capacity building for strengthening local development processes, also catering for the Aid for Trade aspect

ADA provides for personnel to support the regional programme.

II.2.2 Austria's development-policy position towards Southern Africa for 2008–2010

ADC cooperation with and in the SADC region has a long history. The policy seminar on peace and development in Southern Africa hosted jointly with the South African Centre for Conflict Resolution and the SADC Secretariat for all SADC member states at the beginning of June 2008 did much to bolster relations with the region.

In SADC, ADC's strategic aim is poverty reduction, placing its thematic focus on the following areas:

- **Infrastructure:** improving access to **energy services** by promoting efficient technologies, applying renewable energy resources and making more affordable and high-quality **transport services** available
- **Rule of law:** supporting **peacebuilding and conflict prevention** as part of ADC chairmanship of the SADC thematic group (see below)
- **Decentralisation** for increased participation of the civilian population in policy decisions and their closer cooperation with public administration at national and subnational level, also including the land question (land rights and use) as an important element

Programme for Land and Agrarian Studies (PLAAS) at the University of Western Cape, South Africa

As in almost all ADC key regions, land use or resource availability is a central issue in Southern Africa. A large part of the population there is still deprived of access to resources, such as land, which inhibits their prospects for sustainable social, cultural and economic development. Settling land issues is indispensable for sustainable poverty reduction and makes up an essential aspect of human rights and democratisation. The planned activities comprise reviewing regional experience and inferred good practices for finding answers to land questions, which will then be collated and duly documented and published. They will be disseminated through regional sectoral networks. Recommendations on policy issues will be prepared for decision-makers as a contribution to sound policy debate. The target group are technical staff at regional organisations (e.g. SADC), government decision-makers in the SADC member states and representatives of government and non-governmental implementation agencies in the SADC region.

The ADC engagement in the region is aligned with the SADC development plans, the Regional Indicative Strategic Development Plan (RISDP) and the Strategic Indicative Plan for the Organ on Peace and Security (SIPO). ADC cooperates with SADC and its partners in implementation, which includes interlinking regional development concerns and practical experience gained in SADC member states at national and local level. This is also a crucial factor for the acceptance of SADC by its member states, which expect it to provide solutions to the various development challenges.

In 2008, Austria signed a MoU with SADC on the operationalisation of cooperation in these priority areas. Austria will act as donor chair in the thematic group on peace and security.

II.2.3 Austria's development-policy position towards East Africa for 2008–2010

The ADC programme for the East Africa region comprises the two priority countries Ethiopia and Uganda and the partner countries, Kenya, Tanzania, Rwanda and Burundi. Relations with the region were given renewed impetus by the visit of State Secretary Dr Hans Winkler to Uganda, Burundi and Rwanda in June 2008.

Recently, more action has been taken to coordinate and harmonise the progressive efforts towards regional convergence in East and Southern Africa through institutionalised consultative mechanisms. These include the tripartite working group EAC – COMESA – SADC or the Inter-Regional Coordinating Committee/IRCC (IGAD – COMESA EAC – IOC), which is also in charge of implementing the 10th European Development Fund's Regional Indicative Programme (EDF RIP).

In the countries of the region, between 36 and 60 per cent of the population live under the respective national poverty line. Regional problems include uncertain land ownership and use, population growth, climate change and the resultant pressure on natural resources as well as a large number of national and international refugees and the attendant heightened conflict potential. Here, ADC seeks to make a contribution to reconstruction and to securing livelihoods in the assisted areas.

ADC's regional strategy in East Africa concentrates on two **priority areas – water and sanitation and peace and security** – with special emphasis on land issues and conflict prevention. Natural resource shortages and the outbreak of conflicts often have a reciprocal effect on each other, so these two priorities have a close complementary relationship. The key strategy is to bring about broad regional convergence and harness tangible synergies in cross-border approaches as a basis for sustainable economic development. The experience gained in practical development schemes devised in the regional setting will also be channelled into the knowledge and practice of regional organisations.

Austrian contribution to the Water and Sanitation Programme Africa (WSP)

ADC supports selected East African states in attaining the Millennium Development Goals in water and sanitation via the World Bank's Water and Sanitation Programme Africa. This builds up regional institutions, imparts knowledge and supports national reform processes. Thanks to concerted information campaigns on hygiene by the health and water ministries in Ethiopia, for example, many village communities now use latrines, resulting in a rapid improvement in both health and water quality. In Ethiopia and Rwanda, WSP also supports the development of national MDG programmes in water and sanitation. Special attention is being paid in this programme to promoting gender equality.

The coordination offices in Addis Ababa and Kampala will support the regional programme together. Planned priorities are as follows:

- Integrated water resource management: focus on standardising instruments for water resource management at local level
- Support for regional institutions in water-sector policies, including sanitation issues
- Guaranteeing property rights for the integration of refugees (with regional institutions in the Great Lakes Region, especially with the emerging Secretariat of the Great Lakes Conference)
- Conflict prevention by protecting the livelihoods of the pastoral population (Horn of Africa, Intergovernmental Authority on Development/IGAD, Conflict Early Warning & Response Mechanism/CEWARN)
- Regional organisations as entry points for Aid for Trade measures as of 2010 to support the competitiveness of fair-trade products from organic agriculture

II.2.4 Austria's development-policy position towards Central America and the Caribbean for 2009–2015

CENTRAL AMERICA

Austrian cooperation with the countries of Central America goes back over decades. Austrian development-policy concerns have now been streamlined into a regional strategy for Central America, which sets out the framework for future cooperation.

Under the regional umbrella organisation, Sistema de la Integración Centroamericana (SICA), the countries of Central America are looking above all to advance economic convergence in the region and cement social cohesion. Besides economic interests, a regional strategy for this (agreed on between EU and SICA) provides for building regional capacities. Moreover, it also aims at strengthening the role of civil society in the integration process and improving natural resource use and conservation.

Energy and Environment Partnership with Central America

The Central American Partnership for Energy and Environment with Finland and SICA and the regional umbrella organisation, Comisión Centroamericana de Ambiente y Desarrollo (CCAD), promotes the application of innovative energy technologies and programmes. Some 120 projects are supported in the region with a total of EUR 1.8 million. Investment finance from the Austrian Control Bank and the Central American Bank for Economic Integration aims at making energy accessible and affordable for small businesses in future. Fruitful cooperation is underway to upgrade renewable energy strategies with the Organización Latinoamericana de Energía (OLADE).

The major challenges in the region for the next few years include the elimination of economic disparities both inside and amongst the individual countries. The main economic and social problems are the extremely inequitable distribution of income and access to resources and shortcomings in implementing human rights.

ADC contributes experience gained from individual countries and concentrates its regional commitment as a contribution to poverty reduction on the sustainable improvement of the social and economic conditions of life for sections of the population currently disadvantaged in the integration process:

- **Private sector development:** participation of male and female small entrepreneurs and farmers in the regional integration process, promotion of competitiveness
- **Social cohesion:** participation in political decision-making processes to ensure respect for and implementation of human rights

Besides the regional (sectoral) organisations, civic institutions with regional operations are also supported. SICA, the Centro para la Promoción de la Micro y Pequeña Empresa en Centroamérica (CENPROMYPE) and Consejo Agropecuario Centroamericano (CAC) are major partners in the **private sector**. In **human rights**, ADC intends to cooperate with the Consejo Centroamericano de Procuradores de Derechos Humanos (CCPDH). The regional programme is designed to complement the EU strategy and division of labour will be stepped up with bilateral and multilateral donors.

CARIBBEAN

In 2007, the Central America commitment was enlarged to include the Caribbean region. No bilateral agreements are made with individual countries. Instead, cooperation concentrates on strengthening personnel and institutional capacities in the regional institution CARICOM and its suborganisations. In this region, which is particularly prone to disasters and crises, ADC concentrates on the following:

- Disaster relief and prevention
- Combating drug trafficking (following up on the EU Latin America Summit under Austrian Presidency)
- Energy, climate and environment

Synergies are harnessed with the Central America programme in the energy sector: Austrian thematic leadership in sustainable modes of energy supply and the energy package for Central America also benefit the Caribbean countries. Coordination and cooperation with bilateral partners (e.g. Deutsche Gesellschaft für Technische Zusammenarbeit/GTZ) will contribute to the consolidation and sustainability of Austria's engagement.

Apart from support for CARICOM, ADC also makes contributions to programmes by multilateral organisations.

ADA plans to provide personnel in the Managua coordination office to manage cooperation with CARICOM.

II.2.5 Austria's development-policy position towards the Palestinian Territories for 2008–2010

Advancing the Middle East peace process is a specific concern of Austrian foreign and security policy. Austria has supported the population of the occupied Palestinian Territories since the mid-1980s.

In agreement with the international community, Austria subscribes to the goal of enabling and implementing a two-state solution. In line with the Road Map and the EU Action Strategy, ADC supports the Palestinian National Authority (PNA) in building efficient, legitimate and democratically controlled institutions for a future cohesive, sovereign, democratic state. Austria takes active part in key conferences. Mutual visits are frequent and it plays a leading role in dialogue on women's development in the Middle East.

Food security for poor women

The UNIFEM project provides help towards self-help with support from ADC. Women's groups in the North and South of the West Bank have learnt to reprocess surplus agricultural produce that is no longer suitable for sale. They dry fruit, for example, to make it last longer. This is a way of building reserves on the one hand and on the other, the dried fruit is bought by organisations that provide schoolchildren with an adequate and healthy diet. The project helps unemployed women without income to feed their families themselves and encourage each other to keep seeking ways out of hardship.

The Palestinian Reform and Development Plan (PRDP) 2008–2010 provides the substantive basis for cooperation. In line with the OECD guidelines, Principles for Good International Engagement in Fragile States and Situations, ADC attaches priority to state-building measures.

The criteria for implementing the Austrian programmes are alignment with the PRDP and inclusion of both parts of the occupied Palestinian Territories, **Gaza** and **West Bank**, with the focus on **Jerusalem**. To meet the basic needs of the population, humanitarian aid has played a major role since the beginning of the second Intifada in 2000 and will continue to do so for the foreseeable future.

ADC concentrates on the following specific areas:

- Health (with the sectoral ministry and the Palestinian Medical Relief Society)
- Efficient use and reutilisation of water and raw materials as well as sanitation in collaboration with the Palestinian Water Authority (PWA)
- Strengthening personnel and institutional capacities (particularly the implementation of the Austrian Action Plan for implementing UN Security Council Resolution 1325; focus on women: jobs and security) with various partners (Palestinian NGOs, EC, but also the Palestinian National Authority)
- Humanitarian aid, mainly with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)

The **ADC programmes** are implemented with sectoral ministries in the broader sense, the EC, by means of the financing instrument PEGASE, and other bilateral donors. Flanking this, humanitarian aid also continues to be provided via contributions to multilateral organisations and assistance for emergency aid programmes (UNDP, UNFPA, UNRWA). In keeping with the Paris Declaration, Austria is also actively involved in consultative bodies, such as the Local Development Forum, the Friday Group and in the sectoral working groups on water and health.

Support for NGOs will be continued where the PNA is not (yet) able to deliver social services for the whole population or where NGO programmes provide useful support to the PRDP (e.g. Palestinian Medical Relief Society or the Palestinian women's NGO, Initiative for the Promotion of Global Dialogue and Democracy/MIFTAH).

II.2.6 Austria's development-policy position towards South Eastern Europe/Western Balkans for 2008–2010

Historically and in foreign, security and economic policy terms, South Eastern Europe/Western Balkans is of special importance for Austria, as also evident from the priority status accorded it by ADC. Bilateral ADC in the region has increased considerably since 2003.

As stipulated in the Federal Development Cooperation Act, the overall objective of ADC is poverty reduction. Another central Austrian concern in this region is to support partner countries with EU integration and association with the strategic aim of fully integrating countries with accession prospects into the relevant institutional framework. Concerted cooperation with other EU donors is of special importance here.

To raise the effectiveness of ADC as demanded by the Paris Declaration, cooperation will also be systematically intensified and expanded with other bilateral and multilateral actors as well as with NGOs and the private sector.

Austria is one of the largest trading partners and investors in the region and is well represented locally through numerous enterprises and educational institutions. Use will be made of this to improve the effectiveness of ADC.

Implementation of an institutionalised partnership between Austria and Kosovo in higher education, research and innovation

Implemented in cooperation with the Federal Ministry of Science and Research and in line with the Bologna Process, this multidimensional project aims at reforming the system of higher education in Kosovo and building research capacity. It marks an important step towards integrating Kosovo into the European space for research and higher education. Around 45,000 students at private and public universities, up to 80 lecturers at Pristina University and personnel at the Kosovan Ministry of Education, Science and Technology will benefit from the measures, which will also contribute to closer interaction between the higher education sector and the local private sector. All stakeholders, including ADA, are tied into project implementation through a steering committee. The high degree of ownership on the part of local partners and specialist expert support will assure a long-term systemic impact.

To improve the institutionalisation of ADC in the region, bilateral framework agreements will be concluded with all priority countries. Agreements of this kind have so far been signed with Montenegro and Albania.

Coordination offices have been set up in all seven priority countries of the region, placing cooperation, which started with individual humanitarian measures in the early 1990s, on a programmatic basis. This will facilitate planned ongoing progress in the systematic transition from single projects to sustainable programme-based approaches.

The ADC strategy for South Eastern Europe/Western Balkans for 2009–2015 will be geared to the needs of the partner countries and to continuity with previous Austrian priorities in the region. Building on the expertise already gained, the following priorities have been set for 2009–2015:

- Education and science (particularly vocational training and higher education)
- Private sector development/job creation, particularly for socially underprivileged/discriminated groups
- Environment: water/sanitation, renewable/alternative energy
- Governance: institution-building in the transition process, conflict prevention and management, combating organised crime (particularly human trafficking)

Initiative against human trafficking in Serbia

Since 2001, the Organisation for Security and Cooperation in Europe (OSCE) has been one of the leading actors in the fight against human trafficking in Serbia. The programme aims at criminal prosecution, victim protection and prevention. The OSCE mission primarily supports awareness measures and professional capacity building in judiciary and police. The local partner is the Judges Association of Serbia. Based on actual cases, a manual is being prepared for judges and public prosecutors to help combat human trafficking. To improve victim protection, capacities are being strengthened in the Agency for Coordination of Protection of Victims of Trafficking in Human Beings, which acts as a focal point for identifying and reintegrating victims. Together with the Serbian NGO, Astra, activities are supported in child protection, above all in cyber crime.

II.3 Programme matrix 2008–2010

Region/Country Sector	Programme priority Fields of activity	Implementation 2008–2010 Programme document	Specific measures, instruments, institutions
DEVELOPMENT COOPERATION SOUTH			
Central America key region	Support for Central American convergence Promoting an enabling framework for the participation of small business and farming enterprises on the regional market – raising competitiveness Supporting marginalised sections of the population in claiming their social and human rights	ADC regional strategy 2009–2013*	Institutional development of SICA and regional sectoral agencies: CENPROMYPE, CAC, OLADE Implementing the Energy and Environment Partnership with Central America (EEP) in sectoral programmes Call for proposals to promote civil-society projects
Nicaragua priority country	Rural development and promotion of micro, small and medium-sized enterprises (supply chains) Health	ADC country strategy 2009–2013*	Bilateral (annual) consultations Regional development (RAAN) with NGOs Sectoral budget support Education/Capacity development Third country cooperation and networks
Caribbean	Disaster relief and prevention Drug trafficking enforcement Energy, climate and environment	MoU with CARICOM	Support of the Caribbean Disaster Emergency Response Agency (CDERA) Contributions to multilateral organisations Support for CARICOM Cooperation with GTZ (CREDP) Inclusion in GFSE activities

* Document in preparation

Region/Country Sector	Programme priority Fields of activity	Implementation 2008–2010	
		Programme document	Specific measures, instruments, institutions
Palestinian Territories priority	Peace in the Middle East, two-state solution Supporting state-building measures and improving conditions of life Water supply Health Capacity development: implementation of UN Security Council Resolution 1325; focus on women: employment, security Humanitarian aid	ADC country strategy 2009–2013*	Support for the Palestinian National Authority Cooperation with sectoral ministries (Gaza, West Bank/focus on Jerusalem) Support for NGOs EUPOL COPPS Cooperation with and contributions to UNRWA, UNDP, EC/PEGASE
Himalayas-Hindu Kush key region	Strengthening institutional capacities at regional level, above all through applied research and training Mountain ecology	ADC regional strategy for Himalayas-Hindu Kush 2009–2013*	Cooperation partners: ICIMOD, UNDP (GLOF) Asian Institute for Technology (Bhutan and Nepal)
Bhutan priority country	Energy: rural electrification and flanking measures in power station construction Tourism Governance: decentralisation	ADC country strategy 2009–2013* 10th Five-Year Plan	Cooperation with the Bhutanese Government Bilateral consultations, multi-year work programme as of 2009 Pooled funding
Africa Region	Infrastructure - water and sanitation - energy	Austrian Africa strategy as complement to EU-Africa strategy*	Cooperation with regional organisations and programmes

* Document in preparation

Region/Country Sector	Programme priority Fields of activity	Implementation 2008–2010	
		Programme document	Specific measures, instruments, institutions
Africa Region	Governance and conflict prevention		Participation in EU initiatives Cooperation with AfDB Support for parliaments and civil society/media
West Africa/Sahel key region	Conflict prevention Energy Local development schemes and regional convergence	ADC regional strategy 2009–2013*	Cooperation with ECOWAS (institutional development of zone offices) Cooperation with regional institutions (ECOWAS, Club du Sahel, ENDA) Regional poverty reduction and poverty monitoring
Senegal partner country	Rural regional development	Programme evaluation for 2008 completed ADC country sector pro- gramme 2006–2008 exten- ded to 31 December 2009 Revised ADC strategy as of 2010 (phasing out)	
Cape Verde priority country	Integrated resource management Decentralisation, municipal cooperation and regional development on Santiago Island	ADC country programme 2006–2008 extended up to 31 December 2009 Revised ADC strategy as of 2010 (phasing out)	Strategic partnership with EU Sectoral budget support – environment Technical assistance for capacity development
Burkina Faso priority country	Rural development Crafts, micro and small enterprise promotion Technical and vocational education and training	Bilateral cooperation agreement 2008–2013	Bilateral consultations Strengthening the Regional Council and municipalities for planning and implemen- ting regional development in the Boucle de Mouhoun priority region Participation in sectoral programme aid

* Document in preparation

Region/Country Sector	Programme priority Fields of activity	Implementation 2008–2010	
		Programme document	Specific measures, instruments, institutions
East Africa key region	<p>Governance, land rights and conflict prevention</p> <p>Water and sanitation with focus on integrated water resource management</p>	ADC East Africa regional strategy 2009–2013*	<p>Projects and programmes with regional scope (Uganda, Ethiopia, Rwanda, Burundi, Kenya, Tanzania)</p> <p>Cooperation with the Great Lakes Conference, IGAD/CEWARN, ICG, EAC, WB, IUCN, NBCBN and regional strategy and knowledge networks (Nile Basin Initiative)</p> <p>Scientific cooperation</p>
Uganda priority country	<p>Water and sanitation</p> <p>Governance (legal sector)</p>	ADC country strategy 2009–2013*	<p>Bilateral programme dialogue</p> <p>Programme and sectoral budget support in cooperation with several donors</p> <p>Capacity development, scientific cooperation</p> <p>Initiatives by local partners</p> <p>North Uganda</p>
Ethiopia priority country	<p>Geographical priority: North Gondar Zone</p> <ul style="list-style-type: none"> - reduction of rural poverty through food security and sustainable resource management - energy (renewable energy and rural electrification) <p>Geographical priority: Somali region</p> <ul style="list-style-type: none"> - health: improving public health services and conditions of life of the rural population <p>Complementary field of activity: governance (human rights, measures against traditional violence against women)</p>	<p>ADC country strategy 2009–2012*</p> <p>Bilateral cooperation agreement 2008–2012</p>	<p>Bilateral programme dialogue</p> <p>Cooperation with regional states and districts</p> <p>Programme and project aid</p> <p>Capacity development and scientific cooperation</p>

* Document in preparation

Region/Country Sector	Programme priority Fields of activity	Implementation 2008–2010	
		Programme document	Specific measures, instruments, institutions
Southern Africa key region	<p>Infrastructure: energy, transport</p> <p>Governance - rule of law and human rights - decentralisation - land issues</p> <p>Peacebuilding and conflict prevention</p>	<p>ADC regional strategy 2009–2013*</p> <p>MoU with SADC 2009–2013</p>	<p>Projects and programmes with regional scope (Mozambique, Zimbabwe, Republic of South Africa, Namibia)</p> <p>Cooperation with SADC and SADC partners</p>
Mozambique priority country	<p>Geographical priority: Sofala Province</p> <p>Decentralisation with thematic focus on water and sanitation, agricultural production and local basic infrastructure</p>	<p>ADC country strategy 2009–2013*</p>	<p>Bilateral programme dialogue</p> <p>General budget support</p> <p>Sectoral budget support for agriculture (PROAGRI)</p>

DEVELOPMENT COOPERATION EAST

South Eastern Europe/ Western Balkans key region	<p>Education and science</p> <p>Private sector and development: focus on employment</p> <p>Environment: water/sanitation, renewable/alternative energy</p> <p>Governance: institution-building as part of EU integration; conflict prevention and management, combating organised crime, particularly human trafficking</p>	<p>Strategy paper on South Eastern Europe 2009–2015*</p>	<p>Regional education initiatives, e.g., Balkan Case Challenge</p> <p>Cross-border projects in border regions: national parks, tourism</p> <p>Dialogue and cooperation with Investment Compact</p> <p>Combating human trafficking; integration of minorities, etc.</p> <p>Administrative cooperation</p> <p>Cooperation with the Regional Cooperation Council (RCC) – successor institution to the Stability Pact for South Eastern Europe</p>
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* Document in preparation

Region/Country Sector	Programme priority Fields of activity	Implementation 2008–2010	
		Programme document	Specific measures, instruments, institutions
Albania priority country	Geographical priority: North Albania region Environment: water/ sanitation, energy	ADC country programme 2007–2009	Skhodra integrated regional programme
		Bilateral framework programme signed on 3 June 2008	Regional sectoral programme on water supply and sanitation
	Education: vocational training in tourism and agriculture		Support for pilot commercial, touristic and agricultural schools
	Governance		Support for the Integrated Planning System to raise efficiency in the Albanian administration and the effectiveness of public expenditure
	Gender equity		Initiatives against child and women trafficking and for strengthening gender focal points at institutional level
Bosnia and Herzegovina priority country	Education: higher education and vocational training	ADC country strategy 2009–2013*	University cooperation Vocational schools
	Private sector and development: focus on employment	Bilateral framework agreement under negotiation	Land register development; youth employment programme
	Governance: strengthening national identity (state building)		Support for the Supreme Court Demining
Macedonia priority country	Education: vocational training, business schools	ADC country strategy 2009–2013*	University cooperation (Skopje, Tetovo)
	Environment: water/ sanitation, renewable energy	Bilateral framework agreement under negotiation	Water/sanitation, pro- gramme aid, complementary programmatic approach with pilot projects (regional concentration)
			Programmatic approach in renewable energy, energy efficiency, geothermal pilot projects

* Document in preparation

Region/Country Sector	Programme priority Fields of activity	Implementation 2008–2010	
		Programme document	Specific measures, instruments, institutions
Macedonia priority country	Private sector and development: focus on employment Governance: capacity development with a view to EU integration		Business Start-up Centre at the University of Skopje Programme of Accounting Reform and Institutional Strengthening (REPARIS) with the World Bank
Serbia priority country	Private sector and development: priority attached to regional development in Vojvodina Province and South Serbia Education: vocational training and higher education geared to the labour market Environment: water/sanitation, bio-energy Governance	ADC country programme 2006–2008; evaluation 2008 Bilateral framework agreement under negotiation	Twinning Strengthening municipal institutions, regional civil society and labour market services Practice firm networks; tourism training; Experiencing Europe (Zoran Djindjic scholarships) Applied research cooperation in biogas, biodiesel, farming, transport Administrative know-how transfer; media development; land law reform; anti-trafficking networks, occupational reintegration of persons with disabilities
Kosovo priority country	Education: higher education Private sector and development Regional development Suhareka/Suva Reka	ADC country programme 2008–2011 Bilateral framework agreement in preparation	Institutional partnership with Federal Ministry of Science and Research and Kosovan Ministry of Education Institutional partnership with Federal Ministry of Economics and Labour and Kosovan Ministry of Trade and Industry, private sector partnerships Regional development programme Measures in gender equity, governance, conflict prevention and reconciliation, human rights education and combating trafficking in humans

Region/Country Sector	Programme priority Fields of activity	Implementation 2008–2010	
		Programme document	Specific measures, instruments, institutions
Montenegro priority country	<p>Private sector and development: priority attached to regional development in tourism in northeastern Montenegro</p> <p>Education: vocational training geared to the labour market; higher education</p> <p>Environment: national park management; sanitation; eco-efficient energy</p> <p>Governance: capacity development in administration with a view to EU integration</p>	<p>ADC strategy 2009–2013*</p> <p>Bilateral framework agreement signed on 2 July 2007</p>	<p>Cooperation with 11 municipalities in the region, focus on agricultural development</p> <p>Touristic infrastructure in Biogradska Gora National Park</p> <p>Cooperation with the political science faculty at Montenegro University</p> <p>Eco-efficient construction of UN headquarters (pilot project)</p> <p>Training of Montenegrin administrators with a view to the EU</p>
Moldova priority country	<p>Education: vocational training with special account of labour market requirements</p> <p>Environment: water/sanitation in rural areas</p> <p>Governance: migration</p>	<p>ADC country strategy 2009–2013*</p> <p>Bilateral agreement ready for signature</p>	<p>Development and support of agricultural colleges and vocational training establishments</p> <p>Water/Sanitation projects in rural areas</p> <p>Support for returning migrants (business start-ups, training, courses)</p>

EASTERN EUROPE AND CENTRAL ASIA

South Caucasus key region	Governance (conflict prevention, strengthening civil society, human security) and conflict resolution	ADC regional concept South Caucasus 2006–2008	Cofinancing to strengthen judicial and security systems as well as civil society; promotion of independent media, women and youth
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* Document in preparation

Region/Country Sector	Programme priority Fields of activity	Implementation 2008–2010 Programme document Specific measures, instruments, institutions	
Global	Promotion of selected development measures of relevance to global development policy		Aid Effectiveness Agenda Global environmental concerns Sustainable energy Development education for parliaments Conflict prevention and peacebuilding
Cooperation with the private sector	Harnessing synergies with the European/Austrian private sector Improving the framework Mobilising private resources, maximising beneficial development effects of investments	Guidelines on development and business partnerships	Finance instruments: - Development partnerships - Business partnerships Strengthening corporate social responsibility (CSR)
Aid for Trade	Austrian contribution to implementing the EU Aid for Trade Strategy		- Cofinancing measures at macro level with multi-lateral organisations - Fair trade initiatives - Development/Business partnerships
Cooperation with non-governmental organisations	Promotion of NGO projects Complementary to ADC regional bilateral programmes; smaller funding amounts allocated outside the geographical priorities	ADC policy document on NGO cooperation	Finance instruments: - Microprojects - Individual NGO projects South and East - NGO framework programmes - EU cofinancing - Personnel development cooperation
Education and science	Capacity development Vocational training and higher education in country strategies Science/Research cooperation in ADC thematic focuses	Strategy for higher education and science in preparation	Institutional cooperation South-South cooperation Scholarship programmes

Region/Country Sector	Programme priority Fields of activity	Implementation 2008–2010	
		Programme document	Specific measures, instruments, institutions
Humanitarian aid	Emergency relief projects, post disaster reconstruction projects, disaster prevention projects largely in the ADC geographical priorities	ADC policy document on humanitarian aid	<ul style="list-style-type: none"> - Cooperation with Federal Ministry of Agriculture, Forestry, Environment and Water Management in food aid - Guidelines on financing emergency relief projects - Cofinancing post disaster reconstruction projects - Cofinancing disaster prevention projects
Western Sahara Special programme	Education Humanitarian care of refugees		
Iraq Special programme	Phasing out		
Afghanistan Special programme	Phasing out, ending 2008 Contribution to reconstruction (democracy/women's rights, drug enforcement)		Securing commitments
Mine actions	Mine actions in Africa, in South Eastern Europe/ Western Balkans Global initiatives	ADC Mine Action Programme 2006–2009 and follow-on programme Ottawa Agreement	Pursuance of Nairobi Action Plan

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ADC information and communication	Information and communication on ADC programmes and projects, new development architecture, security and development		Closer cooperation with development partners (NGOs, private sector, Austrian Development Bank), media project North and South, modern communication tools, success stories, internal communication
Development communication and education in Austria	Promotion of informational, educational, cultural and public relations work by private organisations	ADC guidelines	Thematic focuses: global learning, MDGs, EU Year of Intercultural Dialogue in 2008; world trade/fair trade, CSR, human rights, gender equity
Evaluation	Evaluation of country strategies, sectoral programmes, instruments Meta evaluation	Two-year evaluation programme	



Part III: Thematic and institutional innovations

III.1 Aid for trade

III.1.1 Context

For the first time, a chapter was dedicated to Aid for Trade (AfT) in the Three-Year Programme 2007–2009. This spotlighted trade-related assistance and its contribution to sustainable development. It also dealt with the different notions of **trade-related assistance** (= Aid for Trade in the narrower sense) and **Aid for Trade in the general sense**, which also comprises trade-related infrastructure and the general strengthening of industrial capacity.

The EU-Aid for Trade Strategy adopted in October 2007 furnishes the basic frame of reference for Austria's position. This contains the following main features:

- Prime focus on least developed countries (LDCs) and ACP states, while generally including all developing countries
- Engagement independent of the actual outcome of the Doha and EPA negotiations
- Collective EU commitment to allocate EUR 2 billion a year for trade-related assistance as of 2010, EUR 1 billion each from the EC and member states
- Increase in collective EU commitment as part of general rise in ODA
- Strengthening regional ACP integration process through specific EU-AfT packages for the region

III.1.2 Austrian position

ADC sees Aid for Trade as an additional field of activity in its private sector and development focus. The aim is to implement measures in trade-related assistance. These measures complement other initiatives for poverty reduction, private sector development and job creation. Measures under the EU-Africa Infrastructure Trust Fund or the multi-donor initiative, Private Infrastructure Development Group, for example, make a contribution to developing trade-related infrastructure. This lays the foundation for integrating partner countries into the world economy to enable the effective provision of trade-related assistance in the first place. As an inclusive investment policy term, trade-related assistance entails measures for improving the investment and business climate. The Austrian AfT strategy attaches priority to these.

With this set of instruments, which provides for horizontal interventions with no specific country focus as well as those that target individual countries, ADC intends to pursue the following agenda over the medium term in this sector:

HORIZONTAL/TRANSNATIONAL APPROACH

- At macro level, the concern is to provide assistance in policymaking, strengthening trade analysis and negotiating capabilities and implementing international or regional trade agreements. In these areas, ADC will draw on the experience gained by international organisations, such as the World Trade Organisation (WTO), the Organisation for Economic Cooperation and Development, the International Monetary Fund (IMF), the International Trade Centre (ITC), the World Bank and the United Nations Conference on Trade and Development (UNCTAD) or UNIDO, and engage where possible in appropriate multilateral programmes (e.g. the Enhanced Integrated Framework/EIF).
- The intention is also to set up an import promotion programme modelled on successful schemes by other donors (e.g. Switzerland, Denmark). Typical activities under this programme will include the joint organisation of buying/selling missions, attendance at trade fairs and training in design and quality.
- Another line of activity here is to step up cooperation with fair trade initiatives.

NATIONAL AND REGIONAL APPROACH

Regional and country strategies are ADC's main instruments. They set out the cooperation framework with a specific country or region for about three to four years. The country or regional analyses account for ways of providing trade-related assistance and propose and prepare intervention sectors. Particular use will be made of the instrument of private sector partnerships in trade-related cooperation (e.g. establishing supply chains). ADC, will not, however, just be paying greater attention to improving the assimilation of partner countries into the global economy through explicit programmes and projects in Aid for Trade. It will also attach particular importance to approaches that stress coherence with other intervention sectors. In the Investment Compact for South East Europe, for instance, trade-related packages of measures will be brought to bear directly on issues of investment policy, competition regimes or good governance. Furthermore, ADC will be looking to supplement ongoing sectoral engagements with specific AfT measures to enhance their impact. The main intervention points for this kind of AfT mainstreaming are located in the ADC sector of rural development and in the promotion of micro, small and medium-sized enterprises.

Investment Compact for South East Europe

The Investment Compact for South East Europe is an OECD programme that supports the regional states in implementing economic reforms for promoting foreign direct investments and improving the investment climate. Regional cooperation, exchange of experience and joint measures aim at the sustainable improvement of the private sector in these countries for faster regional growth and development. The Investment Reform Index (IRI) was introduced to provide a general picture of progress in investment climate reform in the individual countries. It contains a one-off comparative review of the economic-policy and legislative framework for investments in the region. ADC has been supporting the Investment Compact since 2003.

Contributions to AfT regional funds in the ACP region remain an option, but as preparations for establishing these kinds of fund have not progressed very far to date, no specific plans can be made.

Supporting ADC partner countries and key regions in their trade-related commitments is not solely the job of ADC; it also makes up a pillar of the strategic cooperation between the Federal Ministry of Finance and the International Financial Institutions (as specified in the ministry's guidelines on these institutions). Ongoing cooperation with the World Bank Institute (WBI) centres on strengthening local capacities in analysis, research, negotiation and policymaking in trade with agricultural products. Building on this, an allied programme is being considered with WBI for strengthening capacities in international and regional trade in services.

The Austrian Development Bank will support trade-related, private sector projects under its mandate. By developing ways for local banks to finance trade, it will also make a contribution to improving financial facilities in selected partner countries.

With an annual contribution to the Doha Development Agenda Global Trust Fund (DDAGTF), the Federal Ministry of Economics and Labour supports developing countries in meeting their adjustment requirements in connection with WTO membership and in DDA negotiations.

In future, ADC will press for greater coherence in measures by Austrian development cooperation actors and welcomes proposals for a strategic partnership between development cooperation and foreign trade as envisaged in Austria's new vision for this sector.

III.2 Austria's new Development Bank

In its programme for the XXIII legislature, the Federal Government set about assessing prospects for establishing a development bank. By March 2008, the Austrian Development Bank (Oesterreichische Entwicklungsbank AG – OeEB) had started business.

The Austrian Development Bank is a special finance institute owned by the Austrian Control Bank (Oesterreichische Kontrollbank AG). It acts on behalf of the Federal Government as the official development bank of the Republic of Austria based on a legal mandate stipulated in Article 9 of the Export Guarantees Act. The Austrian Development Bank is obliged to abide by the goals and principles of the Federal Development Cooperation Act. Its projects must therefore meet minimum development-policy criteria based on the provisions in the act. The anticipated developmental benefit (such as poverty reduction, employment, relevance to women, know-how transfer) is measured by the Austrian Development Bank and appraised by the legally mandated Committee "Business and Development". Project sponsors are also obliged to comply with international environmental, social and labour standards.

The Development Bank works in close consultation with ADA. Where feasible geographically and whenever useful, the ADC coordination offices will be involved in project identification and appraisal and in monitoring implementation.

The foundation of the Austrian Development Bank completes the set of Austrian development policy instruments in **financial development cooperation**. Lack of access to financial facilities and services in developing countries is often a major cause of persistent income disparities and limits to growth.

An operational financial sector not only contributes to improving the general economic situation, but it can also help bring enterprises in a developing or transition country out of the black economy into the formal sector. Particularly micro, small and medium-sized enterprises in developing and transition countries complain of bottlenecks in external finance for their projects. This part of the private sector is generally the most dynamic sector of a national economy. Due to the lost opportunities here, developing and transition countries are short of the new jobs and tax revenue needed to attain the overriding goal of poverty reduction.

Access to finance and financial services is also essential for poor households in developing countries to be able to escape from the poverty trap. Without the chance of taking out micro-loans or plan savings, without access to accounts, payment systems or automatic cash dispensers, it is difficult or impossible for poor people in developing countries to participate in modern economic life.

To deal with these problems, Austria has founded the Austrian Development Bank with the following long-term strategic goals:

- Strengthening financial infrastructure in developing and transition countries
- Giving an impetus to sustainable growth in the private sector of developing and transition countries by strengthening local infrastructure, also involving Austrian enterprises and applying new, environmentally clean technologies
- Networking Austria with developing and transition countries by setting up new economic and trade relations and the exploring of new markets

For economically self-sustainable projects, the Austrian Development Bank will provide a broad range of long-term, non-subsidised finance instruments (e.g. equity participation, mezzanine finance, fund and bank participations, long-term loans or refinance lines for banks) that are not or insufficiently available on the market. It will also be able to develop innovative financial products that are specially tailored to needs in developing and transition countries.

The Austrian Development Bank will also mobilise Austrian enterprises to undertake more projects in private sector and development efforts in developing and transition countries. Austrian business investments abroad benefit the developing and transition countries, but they also raise the competitiveness of Austrian industry. This is why the Austrian Development Bank will provide a suitable range of instruments for smaller-scale projects, which are so important for Austrian SMEs.

As a development bank, the Austrian Development Bank will also run advisory programmes to cope with coordination problems around projects in developing and transition countries, alleviate drawbacks for initial entrants into new markets or sectors and remove current obstacles to risk sharing in projects. It can deploy various instruments of technical assistance for this (studies or consultancy assignments, for example).

To be able to perform its function effectively, the Austrian Development Bank must establish itself as a reliable local partner for local banks, but also for IFIs and other bilateral development banks. As of April 2008, it is the 17th member of the European Development Finance Institutions (EDFIs), a federation of private sector development banks in EU donor nations. In line with the strategy, the Austrian Development Bank will also take part in cofinancing by IFIs and EDFIs and multilateral funds.

As a public-private partnership, the Austrian Development Bank has a lean organisation. To achieve a sustainable impact with its activities, it must select regions and sectors for sponsored projects. Although no developing or transition country is generally excluded from projects, the Austrian Development Bank will first concentrate its project development efforts on the following regions, with a target stake of about 20 per cent of core business in LDCs in the medium term:

- Africa
- South Eastern Europe/Western Balkans
- Central Asia and South Caucasus

The Austrian Development Bank will also remain generally amenable to projects in different areas of the private sector. Exceptions are nuclear energy, tobacco, weapons, gambling and comparable sectors. In keeping with the clustering approach envisaged by the Federal Government, however, the focus will lie on the following sectors:

- Financial sector
- Agriculture (agribusiness)
- Water/Sanitation and environment
- Energy



Part IV: Multilateral development cooperation

IV.1 EU development policy

Austria's financial contribution to European Community development cooperation makes up one of the largest single items in ADC (EUR 190 million in 2007 to the EU budget and European Development Fund – amounting to 14 per cent of total Austrian ODA). Austria's influence on the quantitative and qualitative improvement of EU development cooperation is therefore of great importance. With a stake of 50 per cent in aggregate international development assistance, the EU as a whole is also the largest donor bloc worldwide. The coming years will be decisive for EU efforts in contributing to the attainment of the UN Millennium Development Goals by 2015. Through joint activities and the implementation of the European Consensus on Development, the EU can consolidate and enlarge its spearheading policy-making role in poverty reduction and sustainable development. Since 2005, ADA has been deploying cofinancing funds from the Federal Ministry's of Economics and Labour Internationalisation Offensive to finance its EU liaison office in Brussels. This supports Austrian actors in gaining access to EU external aid resources for developmental purposes and promotes their participation in EU programmes.

As the EU positions or commitments at the major international conferences (Monterrey 2002, Johannesburg 2002, World Reform Summit 2005, Accra 2008, New York 2008 and Doha 2008) already indicate, EU Community development policy has taken – successful – shape. It is set out in the European Consensus on Development in 2005 with emphasis on the 3 Cs – coordination, complementarity and coherence.

Helping to frame this Community 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 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. At the conference in Accra in 2008, the successor to the 2005 Paris Declaration on Aid Effectiveness, the EU was able to live up to its pioneering role in harmonisation. Of increasing importance in future will be cross-border complementarity to rectify the extremely uneven distribution of external aid (Aid Orphans).

Austria is in the process of aligning its programmes for 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 Federal Development Cooperation Act and makes up a major policy concern (see Chapter V).

■ Africa priority

In line with the policy shift in the run-up to the UN World Summit in 2005, the EU concentrates its development policy on Africa. The implementation of the Joint EU-Africa Strategy and the Action Plan, adopted in Lisbon in December 2007, will therefore exert a key influence on the direction of European development cooperation over the next few years. The Action Plan provides for eight thematic partnerships between the EU and Africa; Austria will participate in the partnerships in peace and security and energy.

Africa is also an ADC key region with particular thematic concentration on energy and water/sanitation. Austria will therefore accord these two issues special status at European level as well.

■ Economic Partnership Agreements

The Economic Partnership Agreements are based on the Cotonou Agreement of 2000. After expiry of a WTO exemption provision for the current preferential EU treatment of commercial goods from the ACP states in 2007, they will ensure new WTO-compatible trade arrangements between ACP and EU countries. Envisaged is the creation of 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. This will culminate in closer regional convergence of the developing countries and bring these into the globalised world economy.

By the end of 2007, a comprehensive EPA could only be concluded with the Caribbean region, interim agreements having been reached with individual ACP states or subregions. Negotiations are underway with the remaining regions until comprehensive EPAs have been signed.

Core elements for Austria in the negotiations are the development aspects. It therefore endorses the warranted demands for prolonged transition phases, excluding sensitive products in line with WTO provisions, and calls for account to be taken of ongoing regional convergence processes and the inclusion of civil society. Austria will thus act as an advocate for these concerns in the implementation of the EPAs and support the respective countries with Aid for Trade measures.

■ Women in armed conflicts and peace processes

Women's role in armed conflicts and peace processes is a very important theme for Austria. This is why ADC initiated a study commissioned by the Slovenian EU Presidency and published in April 2008. ADC will see to it that the conclusions and recommendations of the study are put into practice.

Recommendations of the study "Enhancing the EU Response to Women and Armed Conflict"

- Fostering more in-depth understanding of the role of women in armed conflicts, particularly through active integration of women in settling armed conflict and in peace processes and support for local advocates (NGOs)
- Preparing an overall strategy at EU level to enable the EC to plan adequate resources, including monitoring and evaluation
- Clear emphasis on women in armed conflicts as a theme in sectoral programmes, such as health, education, civil society, justice and governance
- Inclusion of EU priorities on women in armed conflicts in all policy statements
- EU account taken of women in armed conflicts in all development-policy and political actions
- Preparation of precise indicators (quantitative and qualitative) for the theme of women in armed conflicts
- Support in developing national action plans on UN Security Council Resolution 1325 in partner countries

■ Migration

The issue of migration has gained considerable importance at international level. In the European Consensus in 2005, the EU identified migration as an area where Community development cooperation needed improvement. The conferences on migration (Euro-African Ministerial Conferences on Migration and Development, in Rabat in 2006, in Tripoli in 2006 and in Paris in 2008 as well as the 2nd EU-Africa Summit in Lisbon in 2007) were intended to contribute to more in-depth policy dialogue between the EU and Africa on this issue. The aim is to arrive at a joint approach for development cooperation partnership to ease the pressure of migration by improving the situation in the countries of origin and maximise the beneficial effects of international migration.

The main interface between migration to Austria and the priority countries of ADC lies in South Eastern Europe. In the national competency framework, ADC supports developmentally beneficial forms of migration resulting from the EU mobility partnerships. ADC also aims to explore ways of using remittances from migrants to support small and medium-sized enterprises in the home countries. To help stem the brain drain, ADC holds a competition every year for students from the Western Balkan countries followed by a job fair. In South Eastern Europe, ADC is also actively engaged in measures against human trafficking and trafficking in women and children in the SADC region as part of multi-year project initiatives.

■ Volume of development cooperation

As per the EU Council conclusions of May 2005, reinforced by the conclusions of May 2008, the member states have pledged to meet the Monterrey interim target of allocating 0.51 per cent of GNI for ODA by 2010 (new member states: 0.17 per cent) and 0.7 per cent by 2015 (new member states: 0.33 per cent). Annual monitoring will trace whether these commitments are being met.

Austria has pressed for all member states to keep to the timetables and is itself on the right track with an estimated 0.44 per cent in 2008.

With a view to the above priority themes (energy, water/sanitation) and the European and Austrian focus on Africa, Austria will place particular emphasis on the following instruments in the planning period 2008–2010:

■ Infrastructure Trust Fund

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 for Africa's infrastructure needs. EUR 300 million is currently available as start capital.

Austria has contributed EUR 1 million so far and plans to enlarge this participation as part of the planned increase in ODA. Following the foundation of the Austrian Development Bank, there is now the possibility and intention of contributing practical project proposals in water, energy, transport and telecommunications for ADC key regions and financing these together with other development banks and/or the European Development Bank.

■ EU Energy Facility

The 9th EDF financed the Energy Facility with EUR 220 million. It is used for cofinancing urban and rural energy investments and governance and cross-border projects. Another appropriation is planned for the energy sector in the 10th EDF (EUR 200 million). A window for cofinancing through member states is also being considered by Austria.

■ EU Water Facility

The Water Initiative is financed by the EU Water Facility. It provides cofinance amounting to EUR 500 million (from the 9th EDF) for water management and control, water and sanitation infrastructure and for civil society initiatives, etc. A renewed appropriation (EUR 200 million) is planned for the water sector in the 10th EDF and the introduction of cofinancing facilities for member states.

■ EU Neighbourhood Investment Facility

ADC supports the European Commission's Neighbourhood Investment Facility (NIF), which assists infrastructure projects in Eastern Europe and in the Mediterranean.

IV.1.1 Reform Treaty of Lisbon

After the plebiscite on 12 June 2008 in Ireland, it is now unclear whether or how the EU Reform Treaty of Lisbon will enter force. If it does, it will have the following implications:

The Lisbon Reform Treaty does not deal in any great detail with EU development cooperation, but the changes provided for will have some significant impacts on it, both in terms of content and organisation:

- Poverty reduction is reconfirmed as the overall goal of EU development cooperation.
- With a view to the MDGs, this aim must be taken into account in all EU policies affecting developing countries.
- This priority underlines the status of development cooperation as a separate area of the European Union's external and security policy in its own right.
- Community development cooperation will therefore no longer be carried out just as a complement to bilateral development cooperation efforts of member states but will be able to set its own priorities more in future.
- Although this will not directly restrict the scope of the member states, the EU/EC can be expected to progressively take the thematic lead and the member states to align their programming more closely with Brussels.
- The High Representative (HR), who will also hold the office of Vice President of the EC, will bear responsibility for the EU's common external and security policy in dealings with the rest of the world and for ensuring the coherence of EU external relations.

As contributory factors to future EU development architecture, the following issues will be the subject of detailed European discussion:

- How will development assistance themes be distributed among the various Commissioners/Directorates General (four Commissioners and five Directors General currently responsible)?
- How will development cooperation competencies be allocated among the HR, his European External Action Service (EAD) and the Commissioners?
- Will the (current) nine finance instruments of EU external relations be amalgamated/consolidated?

ADC would prefer one directorate general for development aid, grouping all developmental agendas and competencies. It also advocates merging the finance instruments, particularly the European Development Fund and the Development Cooperation Instrument (DCI).

IV.2 Development agenda of the United Nations

The long-term promotion and support of the activities of the United Nations development agencies has traditionally been a special priority in ADC's commitments. Special attention will be paid in future to the desirable and necessary reform of the development architecture in the United Nations: The initiative, Delivery as One, which begun in eight countries as a pilot project in 2007, will be promoted above all with a view to systemic coherence. Only an efficient development system in the United Nations can help partner countries attain the UN Millennium Development Goals by 2015.

Within its budgetary framework, Austria will continue to concentrate on providing substantive and financial support to the following organisations and their programmes with particular reference to the UN Millennium Development Goals: UNIDO, UNFPA, UNCDF, UNDP, UNICEF, UNIFEM and UNV. In its development cooperation, it will also continue to take special account of the specific needs of the least developed countries.

- **UNIDO:** As the state of domicile of UNIDO, Austria is particularly interested in promoting its activities in environment and energy. Moreover, the Director General of UNIDO, Kandeh Yumkella, chairs the coordination group, UN Energy as of the beginning of 2008. Special support will be given to the organisation in sustainable poverty reduction through productive activities and strengthening trade and economic capacities, particularly on the African continent.
- **UNFPA:** Since the World Population Conference in Cairo in 1994, this organisation has increasingly concentrated on reproductive health, family planning, national population policy, gender equality and women's promotion. The organisation takes particular account of sustainable development, poverty reduction and HIV/AIDS here. A trust fund for maternal health was launched at the beginning of 2008, to which Austria makes a financial contribution. Austria will continue to actively support UNFPA, especially the programmes for maternal and reproductive health and the campaign against fistula.
- **UNCDF:** The Capital Development Fund of the United Nations focuses its activity on microfinancial services and supporting decentralisation. This conforms with the ADC focus on pro-poor, private sector development at micro level as well as decentralisation and local development. Austria will therefore step up support for the Fund's work.
- **UNDP:** Austria will continue to contribute to thematic trust funds that conform with the sectoral priorities in its partner countries and key regions. Thematic initiatives and programmes will be promoted that aim at strengthening national ownership, capacity development, efficient administration, rule of law and South-South cooperation. With a view to achieving the UN Millennium Development Goals, programmes will also be supported in poverty reduction, environment, sustainable development as well as gender equality and women's empowerment, where close cooperation among the various UN agencies can be expected to generate major synergies. In implementing the Delivery as One approach, an important cooperation partner of UNDP is UNEP for mainstreaming environmental concerns in the global development agenda.

- **UNICEF:** Respecting the rights of the child is of great importance to Austria. Additional support will be given to the work of the organisation in protecting children in armed conflicts, in particular its measures to prevent violence against girls and women as well as to stem the recruitment of child soldiers. The work of the organisation in so-called harmful traditions will also continue to receive assistance, such as its campaign against female genital mutilation.
- **UNIFEM:** The Fund has set itself the prime task of asserting the human rights of women. The four strategic aims of reducing feminized poverty, ending violence against women (also in armed conflicts and in post-conflict situations), reversing the spread of HIV/AIDS among women and achieving gender equality in democratic governance largely coincide with the corresponding Austrian priorities and will therefore be given particular support. As a cross-cutting issue, women's rights is also a major concern of ADC, partly with a view to achieving UN Millennium Development Goal 3, Gender equality and empowerment of women, by 2015.
- **UNV:** Austria will step up assistance to the work of the United Nations Volunteers Programme with appropriate contributions and the assignment of aid experts from developing countries.

Apart from support for these organisations and their programmes, Austria will finance a number of junior professional officers in the development cooperation sector, as in previous years.

Austrian multilateral cooperation will also continue to place its thematic focus on gender and energy/environment. Health is also of increasing relevance for the UN sector.

Austria's membership of the United Nations Food and Agriculture Organization (FAO) – strategy for 2008–2010

Austria has been a member of FAO since 1947. The annual membership subscription varies according to the country scale of the United Nations and is paid from the budget of the Federal Ministry of Agriculture and Forestry, Environment and Water Management. It is split into euros and US dollars since the resolution of the 32nd FAO Conference. In 2007, Austria made a contribution of EUR 1.55 million and US\$ 1.55 million. As defined at the two world food summits in 1996 and 2002, the prime goal of FAO is to reduce the number of people suffering from hunger, with increased attention paid to sustainable development in the agriculture, forestry and fishery sectors. National governments are entrusted with implementing national programmes for food security. This conforms with 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 the progressive implementation of the right to adequate food as part 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, it is also particularly active in the central ADC concerns of gender and rural development and will step up its activities here. Austria hosted the 26th FAO Regional Conference for Europe in 2008, which highlighted the role of traditional agricultural products as a contribution to rural development. Under the FAO Special Programme on Food Security, the Federal Ministry of Agriculture, Forestry, Environment and Water Management is now taking part during the Three-Year Programme period in a regional water project in Africa. In Austria, strategies will also be continued to raise awareness of the tasks of FAO (annual events for World Food Day).

Austria's contributions under the Food Aid Agreement of 1999 and to the UN World Food Programme: Every year, the Federal Ministry of Agriculture and Forestry, Environment and Water Management pays a minimum of EUR 1.5 million as per the Food Aid Agreement and about EUR 1.25 million for the World Food Programme. The priority countries are located in East Africa. Other countries are also assisted where appropriate (e.g. Moldova, Haiti).

IV.2.1 Effectiveness of United Nations aid

Primary responsibility for successful development lies with the developing country concerned. The quantity and quality of development cooperation make up major factors in this process. This is why ADC also attaches special importance to the effectiveness criteria in the Paris Declaration. ADC programmes and projects are thus geared to the five principles of ownership, alignment with partner systems, donor harmonisation, management for results and mutual accountability. The Austrian Action Plan for implementing the Paris Declaration 2005–2010 also aims at stepping up engagement in the UN apparatus for quality assurance in multilateral development assistance, as reaffirmed at the Accra Conference in 2008.

In addition to this, Austria will continue its participation in the **Multilateral Organizations Performance Assessment Network (MOPAN)**: Founded in 2002, this network of eleven like-minded donor countries, to which Austria belongs as of 2004, monitors the partnership record of three to four multilateral development cooperation organisations in a number of partner countries by means of an annual perceptions survey. Its main task is to assess the performance and effectiveness of multilateral organisations. The information gleaned will facilitate a sound substantive dialogue with the multilateral organisations concerned on the quality of work. Another aim is to make the operations of the multilateral organisations more understandable for decision-makers, parliamentarians and the general public through an improved flow of information.

The system will be upgraded and expanded as of 2009. In future, the survey will no longer be confined to the donor perspective and also take into account the views of the recipient countries and a self-assessment by the organisations themselves. Assessments of at least six organisations (multilateral development banks and UN funds and programmes) are planned for 2009. As of 2010, humanitarian organisations will also be added.

IV.2.2 Least developed countries

One of the major, large UN conferences in the development sector where preparations are needed in the next few years is the **4th Least Developed Countries Conference (UNLDC IV)** scheduled for mid-2011.

At the 3rd Conference hosted by the EU in Brussels in May 2001 on UN LDCs, an action plan was adopted for 2001–2010. This programme of action, which addresses LDCs themselves and the development partners aims at improving the conditions of life in the 50 LDCs during this term. Its mission is to achieve sustainable economic development and growth, the reduction of poverty and inequality and the integration of LDCs into the global economy.

The programme concentrates on seven thematic objectives:

1. Setting out a policy framework that places people at the centre (empowerment, capacity development, etc.)
2. Good governance at national and international level
3. Strengthening human resource and institutional capacities
4. Raising production output to enable LDCs to gain greater benefit from globalisation
5. Strengthening the role of trade in development
6. Reducing vulnerability and protecting the environment
7. Mobilising financial resources

The sequel conference UNLDC IV will review progress since 2001 and discuss proposals for the way forward. Also current themes, such as climate change and the food crisis, will be on the agenda. To achieve real development in LDCs, the development partners must make renewed efforts, particularly in official development assistance, foreign direct investments (FDI), trade facilitation, production capacity and debt relief.

Among other countries, Austria is under consideration as a venue for the UNLDC IV conference. By promoting a workshop on LDCs as part of the substantive session of the Economic and Social Council (ECOSOC) in 2008, Austria was able to convey its firm commitment and will continue with this in the coming years.

IV.3 International Financial Institutions

In conferral with other stakeholders, the Federal Ministry of Finance is drafting a strategic policy paper on IFIs for the coming three-year period (until approx. the end of 2011). Based on this, Austrian interventions in IFIs will be planned and special IFI activities promoted. The policy document is an instrument for Austria-wide coherence and international transparency.

Beyond regular finance and its cooperation with IFIs in connection with additional finance, the Federal Ministry of Finance seeks in its programming to concentrate on as few sectors as possible as a way of enhancing synergies, impact and visibility. The sectoral focus is placed on the following:

- Renewable energy and energy efficiency
- Water and sanitation
- Trade for development

These areas merit more attention in the individual IFIs, where they are accorded a strategic role. For example, Austria supports the World Bank Water and Sanitation Programme and the Energy Sector Management Assistance Programme (ESMAP). The WSP Governing Council will be held in Vienna in 2009.

IV.3.1 Main guidelines and framework for IFIs

IV.3.1.1 Concentration on poverty reduction

Poverty reduction remains the foremost aim of almost all IFIs. Progress so far towards attaining the MDGs differs by region. To meet them by 2015, greater priority must in future be attached to Sub-Saharan Africa, South Asia and to regions suffering from chronic poverty in middle-income countries as well as to raising the effectiveness of the instruments deployed.

IFIs today adopt modern and holistic strategies in poverty reduction. The Federal Ministry of Finance pays detailed attention to their implementation. Besides the welfare and empowerment aspect, they also continue to aim at promoting initiative and strengthening self-help capabilities and intervene to improve the distribution of resources and livelihood opportunities. The basic elements of IFI policies include economic growth, social transfer payments, the alleviation of inequitable distribution and the promotion of equal opportunities, social inclusion, reducing discrimination against women, improving access to resources and financial and social services. The specific measures a government can take at country level must be defined in pro-poor development strategies in line with long-term and medium-term state expenditure planning as well as annual budgets. This is where the country strategies of the IFIs intervene. Austria closely monitors how this works in practice.

When afflicted by external shocks, the poorest countries suffer the heaviest losses in national income. State transfer payments, insurance services, better macroeconomic management, climate adaptation, operational mechanisms to guard against shocks and more efficient institutions are ways of closing the poverty gap. Global or regional public goods, such as fair world trade, peace, adequate climate protection, protection against pandemics, etc. also need to be provided, however. IFIs can and should play a major role in these measures.

■ New donors and scaling up

With the renewed commitment made to achieving the MDGs, the international community also places demands on International Financial Institutions. These are indispensable mechanisms for effective international efforts to narrow disparities, increase stability in the world, reduce poverty and ensure a more equitable distribution of wealth.

Despite the success of the Paris Declaration (harmonisation and alignment), the donor efforts are becoming increasingly disjointed. A large number of new donors have entered development finance, i.e. new EU member states, middle-income countries with large budget surpluses and foreign currency reserves as well as global, vertical (sectoral) funds.

These donors still need to be coordinated in line with national development strategy priorities and there are new challenges to master.

The IFIs play an important role in coordinating and directing scaling up.

There are three priorities here:

- Strengthening development strategies in the developing and transition countries as well as their institutional capacities and systems
- Improving the coherence of ODA funding through coordination, including vertical funds, new bilateral donors and private foundations above all
- Entering partnerships with the International Monetary Fund, the EU, the UN system, bilateral donors and vertical funds for greater impact at country, regional and global level

■ Comparative advantages in global and regional public goods

IFIs must contribute more to clarifying the strategy of global and regional public goods, including possible finance instruments and mechanisms. They must step up their contribution to this and concentrate on the most relevant developmental areas, including in particular themes with a direct bearing on poverty reduction: stemming contagious diseases such as bird flu, providing certain environmental assets, especially measures against climate change and for sustainable energies, adaptation to climate change, regional infrastructure and international trade as well as contributions to financial market stability. There is also a need to enhance procedures for implementing global and regional programmes.

■ Knowledge banks

IFIs today do not just provide finance; they also supply specific development know-how that they have by virtue of their special expertise, experience and their leading role in international development debate. Accessible in various ways, this specific know-how is a major distinctive feature of IFIs compared with other financial institutions. Their specialisation in various areas of knowledge affords them competitive advantages over other development and commercial banks.

Their function as knowledge banks and their specialisation in various fields of knowledge, which enhance their comparative advantages, should be developed further in future along clearly defined strategic lines.

■ Reducing poverty and securing economic development in middle-income countries

Seventy per cent of the poor population in the world live in middle-income countries (MICs), earning less than US\$ 2 a day. Due to decreased lending to MICs, early repayments and resulting lower earnings from this core business, IFIs have adopted a new policy toward these countries.

The IFIs should provide better strategic and coordination services aimed at speeding up activities at country level, sharpening the focus on country priorities and on partnership strategies as a platform for the responsive delivery of various services. Global public goods need to be tied in with national priorities and more assistance given to promote MIC engagement.

Shortening the preparatory time for loans by simplifying in-house procedures will help reduce non-financial transaction costs in doing business with IFIs. Improvements can also be expected from realignments in investment lending policies and ways of using available country systems.

Efforts are being made to develop new financial products to meet the current needs of MICs. Knowledge services play a special part. There is also an urgent need to decentralise IFI operations more in MICs over the medium term.

IV.3.1.2 IFIs and low-income countries

In low-income countries (LICs), IFIs apply distinct and discriminate country development schemes based on the successes and strengths of the respective country. The share of the International Development Association (IDA) in central development programmes (planable by partner countries), for example, has grown steadily, while finance for these has been declining as a percentage of total ODA since the end of the 1990s. In LICs, ODA funding remains the main source of development finance. In most of them, IFIs take the leading role in supporting governments in development planning, capacity building, systemic development and programme implementation. Their coordination role must also be seen in this context. IFIs therefore play a dual role in LICs:

- Direct finance and knowledge services to LICs in line with their priorities and needs
- Installing a platform for the coordination of development cooperation and for raising its effectiveness by bringing donors and partner country governments to the negotiating table

IFIs are increasingly directing their attention to the problem of absorptive capacity for the mounting influx of international development finance and are stepping up their activities in building institutional, administrative and policymaking capacities. More emphasis should be placed on strengthening institutional capabilities as a critical factor in all countries and with a view to regional convergence. Future improvement in national development strategies is closely bound up with capacity building.

■ Governance reform

The programmatic realignment of IFIs is flanked by institutional reform processes at different stages of advancement. The aim is for them to apply new approaches and findings, departing from their past role as domineering institutions and acting in future as cooperative partners with outstanding learning ability. These reforms entail raising transparency, greater customisation through decentralisation of country operations, better integration and synergy among the different IFIs, more dialogue and cooperation with civil society and gradual reallocations of personnel. Evaluation mechanisms are being strengthened throughout.

To give developing and transition, particularly high-growth, middle-income, countries, the status they deserve in global IFIs, they must be allotted a larger share of the votes and greater representation. Austria supports these reforms, but also places stress on the economically weaker and smaller countries, which are in danger of further marginalisation.

IV.3.2 Policies in individual IFIs

■ World Bank Group

While global prospects for economic growth are good despite increasing risks, disparities between and within country groups and among developing countries themselves will widen. Domestic and international armed conflicts, climate change, pandemics and other possible external shocks will also exacerbate this trend.

In response to this scenario, greater efforts need to be made in globalisation to ensure that all countries and people benefit and to enable sustainable development.

For the World Bank Group, this means attaching priority to the following six new strategies:

- Developing the world's poorest countries, concentrating on Africa, with its main instrument, IDA
- Stabilising and developing fragile states
- Reducing poverty and securing economic development in middle-income countries
- Building capacity for providing global and regional public goods (environment/climate, health, financial stability, trade, knowledge)
- Conducting dialogue and cooperating with the Arab world
- Preparing and disseminating knowledge for development

Austria fully endorses this strategic alignment and calls for its formal establishment and subsequent operationalisation.

This programmatic realignment will be accompanied by institutional reform. To accord a suitable status to the developing countries, particularly high-growth middle-income countries, in the World Bank Group as well, their voting share and representation need to be increased.

As part of the reform process, among others, Austria supports the following:

- Raising basic votes to give poor and small countries greater say
- Raising capital for selected under-represented countries
- Full inpayment of their IDA shares by developing countries and exercising their rights on the IDA Board
- A third seat for Sub-Saharan Africa in the Board of Directors, with attention also paid to raising the effectiveness of the African groups with voting rights
- Recruitment of more citizens from developing countries for personnel and management

At the 15th replenishment of the International Development Association for the poorest countries, which was completed in 2008, Austria maintained its large stake of 1.65 per cent, underlining its pro-poor commitment.

Austria also provides special finance in the three priority sectors cited. Importance is attached to a common Austrian position and raising finance from bilateral ADC.

To expand the network of Austrians working in the World Bank, three Austrian junior professional officers in the Group are financed every year as well as various other personnel assignments.

■ International Monetary Fund and development policy

Since the mid-1980s, the International Monetary Fund (IMF) has been increasingly confronted with development policy tasks, bringing it into conflict with its classic role of short-term crisis management and its macroeconomic mandate. Moreover, the social costs of these programmes and the problems entailed in their political implementation were underestimated.

Partly due to its present difficult financial situation, the IMF plans to sharpen the focus of its development-policy activities and this is warranted. Its developmental role and the beneficial effects of its longer-term strategies in these countries are not in dispute, but the efficiency of its activities needs to be raised.

The IMF role in low-income countries pursues the following four priorities:

- Policy advice as part of Article IV Consultation or the Poverty Reduction and Growth Facility (PRGF)
- Increased capacity development, largely via technical assistance, with a financial contribution made by countries that can afford it
- Financial aid and debt relief: Where structural constraints at macro level hamper growth, the IMF provides a number of long-term finance facilities, the main ones being PRGF, Emergency Post-Conflict Assistance, Emergency Assistance for Natural Disasters and the Trade Integration Mechanism. It also participates in the debt cancellation initiative for Heavily Indebted Poor Countries (HIPC initiative). Controversial in contrast is IMF involvement in the Multilateral Debt Relief Initiative (MDRI), since the lack of conditionalities gives cause to fear that the assisted countries will soon revert to an unsustainable level of indebtedness.
- Contribution to the Monterrey Consensus and to attaining the MDGs through PRGF and its advisory function

■ African Development Bank Group

In 2007, the African Development Bank (AfDB) Group started to realign its operations. In its efforts to be more selective and gain comparative advantages, it is seeking to concentrate more on water, sanitation, governance, regional integration, fragile states and infrastructure, with the focus here on energy and transport. In recent years, AfDB investments have declined in social sectors and in farming, which attracted more attention again due to the food crisis in 2008. Austria already advocated stepping up agricultural activities prior to this and still calls for a significant commitment by AfDB in social sectors as well.

Governance and regional cooperation remain priorities. Of importance here is building up fragile states with additional funds and technical assistance under a comprehensive strategy. Because of its African focus, its special relations with the African Union and the New Partnership for Africa's Development (NEPAD) with the attendant opportunities for conducting the necessary policy dialogue outside the framework of formal finance, the AfDB Group plays a particular role in these areas.

Austria supports the focus on water and sanitation, governance, regional integration, fragile states and infrastructure. A multi-year Austrian trust fund is being administered under the strategic guideline. Parallel to this, ADC supports the African Water Facility managed by AfDB with a contribution and an assigned expert.

■ Asian Development Bank

Under the new Long Term Strategic Framework (LTSF, until 2020), the Asian Development Bank (AsDB) plans to concentrate its activities on the following five operational priorities: infrastructure, environment, regional cooperation and integration, financial sector and education. Austria generally endorses these, but points out that due to a very pronounced focus the bank is in danger of withdrawing from areas of particularly high relevance for low-income countries. It would therefore seem especially important to tailor priorities to specific countries and allow for a certain leeway in design. One of the bank's strongpoints is its presence in many countries in the region and LTSF must also take account of this advantage. Austria attaches importance as well to close coordination and cooperation with other multi-lateral institutions, especially in areas that do not number among the core business segments of the bank, such as agriculture.

Pro-poor infrastructure investments should support growth that also benefits the poorest sections of the population. Promoting access to drinking water and sanitation is an example. The new Water Financing Partnership Facility, which is very important in this connection, is supported by Austria.

As of 2007, the AsDB maintains the Carbon Market Initiative, in which Austria is involved via support for a technical facility.

■ Inter-American Development Bank

Since 2006, the Inter-American Development Bank (IDB) has been undergoing a reform process. Central elements are the introduction of a matrix organisational structure and the realignment of the bank from the supply to the demand side. To be able to meet the specific needs of the individual countries and provide tailor-made answers, operational business will be delegated more to the country offices and country strategies will be designed to be more responsive.

With three new initiatives, the bank is looking to refocus its operational activities to meet the rising demand in the relevant areas and do justice to its development mandate in the region:

- Opportunity for the Majority is an initiative to explore new economic opportunities for low-income groups in particular through innovative pilot projects. This initiative is welcomed by Austria.
- Through the application of renewable energy and efficient technologies as well as measures for mitigating the adverse effects of climate change, the Sustainable Energy and Climate Change Initiative (SECCI) aims to ensure sustainable energy supply both in Latin America and the Caribbean. Austria supports the initiative by seconding experts. Synergies can be harnessed with ADC activities under the Energy and Environment Partnership with Central America.
- The IDB Water Initiative seeks to improve the supply of drinking water and sanitation. The water and sanitation sector is crucial for low-income populations to improve their general conditions of life and health. Austria plans to join this initiative.

■ International Fund for Agricultural Development

The International Fund for Agricultural Development (IFAD) operates under the Strategic Framework 2007–2010, based on the recommendations of the negotiation round for 7th fund replenishment. The foremost goal is to strengthen the rural population in developing countries to enable them to earn higher income and improve their own food supply, but also make a contribution to general food security.

With worldwide operations, IFAD as an institution bears global responsibility for rural poverty reduction, which is of special significance in the face of the global food crisis. In cooperation with development partners, projects need to be carried out in line with the respective national development strategies and priorities.

Austria attaches importance to ensuring that management for results makes up a set component of all fund activities and that IFAD establishes itself as a knowledge institution for rural poverty reduction.

■ European Investment Bank

With outstanding loans of well over EUR 300 billion and new commitments in the order of about EUR 45 billion, the European Investment Bank is the largest development bank. About 95 per cent of its activities have to do with EU member states and accession candidates, i.e. South Eastern Europe and Turkey. In third countries, priority is attached to the Mediterranean and secondly to Africa.

The main individual activities in third countries are the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) and the investment facility under the Cotonou Agreement between the EU and the countries of Africa, the Caribbean and Pacific. Under these two facilities, EIB manages funds from the EU budget and member states to supplement loans from the bank's own funds with venture capital, interest subsidies and technical assistance.

■ Investment Facility

The Investment Facility (IF) under the ACP-EC Partnership Agreement (Cotonou Agreement) aims at poverty reduction by integrating the ACP states into the world economy and by promoting economic growth and private sector development.

The IF business plan for 2008–2010 attaches priority to financial sector development (financial intermediaries), infrastructure (energy, water/sanitation) and industry and raw materials. This set of priorities is generally supported, but Austria calls for coordination with other donors, the harmonisation of procedures and conditionalities as well as active integration into the national development strategies of partner countries and appraises compliance with these criteria.

Active efforts are underway to establish cooperation between the IF and the Austrian Development Bank.

Part V: Policy coherence

Policy coherence as a means of raising the efficiency of development cooperation has moved increasingly into the forefront of national and international attention since 2005. Besides a working group that deals with various interministerial development cooperation issues, a structured dialogue has been instituted with Austrian NGOs at policy level and cooperation strengthened with the Austrian National Council. Below, we shall outline the policy goals in three major themes under the coherence priority for the period 2008–2010.

V.1 Environment and development

Natural resources and an intact environment are basic pillars of sustainable development, but these essentials of life have deteriorated continuously over recent decades. Also, with climate change due to the increase in greenhouse gas concentration in the atmosphere or the loss of biodiversity, environmental problems have long reached global proportions.

Worst affected by this are the poorest developing countries in the tropics and subtropics. Food security has become critical in some regions due to soil degradation. Conflicts over resource use are on the increase. The dramatic repercussions of climate change – the mounting frequency of floods on the one hand and the heightened danger of droughts on the other – pose a huge threat to human survival and security. This is why incorporating the preservation of the environment and the conservation of vital natural resources is one of the most important tasks of development cooperation and greater efforts are needed (UN Millennium Development Goal 7: Ensure environmental sustainability).

National Environmental Investment Strategy in Macedonia

In Macedonia, ADC supports the Ministry of Environment in drafting the National Environmental Investment Strategy (NEIS). This comprises all segments of the environment sector, such as solid waste, water, air, energy and conservation. It will help transpose the provisions of the EU Aquis Communautaire into Macedonian law, put available funds to more efficient use and acquire fresh finance.

These developments are fully in line with the intent of the Federal Development Cooperation Act (2003), which defines preserving the environment and protecting natural resources that form the basis for sustainable development as one of the three primary objectives of Austrian Development Cooperation.²

In pursuit of these objectives and in keeping with its principle of acting in partnership, ADC caters for the social and cultural framework and promotes gender equality and the integration of women in decision-making processes. Special account is taken of the following principles when dealing with environmental issues:

■ **Harnessing synergies between environmental protection and poverty reduction**

Poor sections of the population and particularly women are especially vulnerable to the continued degradation of resources. On the other hand, poverty restricts the scope for their sustainable use beyond short-term interests. Poverty and environmental degradation are also often attributable to the same causes.

■ **Development measures must prevent adverse and enhance beneficial environmental impacts**

Important here are regional and contextual analyses that examine both environmental factors and possible reciprocal effects on the economic and social setting. Similarly, international environmental cooperation must pay due attention to developmental impacts.

■ **Adopting integral, multisectoral approaches wherever possible**

As the environment interacts with economic and social factors, an approach is needed that addresses different aspects of a problem at the same time. A good instrument for this is the sustainable livelihood approach (SLA).

■ **Promoting local ownership and management of natural resources**

Environmental preservation can only succeed if it is actively implemented and supported by the population concerned, especially as local communities can draw on valuable traditional knowledge. The participatory involvement of the population in decision-making and capacity building for and partnership with efficient decentralised administrations and civil-society organisations are thus important. Support for women in political and social life is central. They are major custodians of environmental knowledge and key actors when it comes to changing natural resource management.

■ **Advocating environment mainstreaming in national development plans**

The most effective way to secure environmental protection and the sustainable use of natural resources in the long run is to embody these in national policies and programmes, above all in poverty reduction strategies and regional and local development plans. This ensures that environmental issues are accorded the highest policy status, linking them more closely with economic and social development priorities.

■ **Supporting awareness measures and capacity building in environmental protection**

Ensuring that development measures can make an effective contribution to the conservation and sustainable use of natural resources calls for sufficient awareness, knowledge and access to information and for adequate capacity in policymaking, administration and civil society.

²) Article 1 paragraph 3
of the Federal Development
Cooperation Act

■ **Promoting overall access to environmental goods and equitable participation in the benefits of environmental protection**

Rehabilitation measures are frequently more costly than sustainable resource conservation. However, effective precautions fail in part because policymakers, businessmen and society seldom grasp the full social and monetary value of environmental goods and services. There is often a lack of adequate awareness and the enabling social and economic framework to ensure equitable participation in the benefits of natural resource conservation by the local population.

■ **Cooperating at international level and contributing to the implementation of environmental conventions**

The global scale of environmental change calls for global cooperation, as evident in the large number of international and regional environmental conventions, declarations and commitments that facilitate a systematic approach in the fight against environmental destruction. All countries must, however, be equally entitled to contribute to and take part in coshaping global cooperation. Austria is also obliged to support this global system under the conventions. Alignment with and/or support for their implementation thus makes up a firm component of its development cooperation strategies, programmes and projects.

■ **Harnessing experience and know-how in Austrian society**

Directly or indirectly, many Austrian non-governmental organisations, research institutes and enterprises are engaged in or support sustainable development in developing countries through their activities at national and international level. They can draw on excellent know-how, experience and resources to make a major contribution to effective Austrian Development Cooperation. This potential needs to be harnessed and developed.

THEMATIC FIELDS OF ACTIVITY AND OBJECTIVES

In comparison with other OECD countries, Austria makes a small contribution only to world-wide official development assistance, but it has an international reputation for a high standard of competence and comparative advantages when it comes to certain issues and sectors.

Environment is not seen as a sector on its own but as part and parcel of sustainable development. Only a balanced strategy that comprises all aspects of sustainable development can succeed in the long run. This theme is consistently and systematically mainstreamed and promoted at all levels.

Thematic fields of activity – overview

Due to the interdependence between environmental and developmental problems and economic and social factors, it is in part difficult to draw clear dividing lines among the various challenges we face. This is why the ADC intervention sectors are clustered into general, thematic fields of activity.

Sustainable natural resource management, combating desertification and preserving biodiversity

- Propagating ecologically appropriate, diversified agriculture and promoting organic farming
- Promoting a careful approach to genetically manipulated organisms worldwide in line with the precautionary principle
- Securing land and land-use rights; sustainable, long-term land use planning
- Promoting reserves and innovative incentives for resource conservation
- Sustainable forest and timber management

Sustainable chemicals and waste management

- Supporting safety in chemicals handling
- Informing and raising awareness among policymakers and civil society
- Clean production in agriculture, commerce and industry
- Sustainable waste management

Climate protection

- Improved energy efficiency and dissemination of renewable energy
- Reduction of emissions from land use, land use changes and forest management
- Support in adapting to the impacts of climate change
- Improving information and planning data, institutional framework and capacities

Water and sanitation

- Strengthening an integrated approach in water resource management
- Developing sectoral institutions/capacities and training
- Improving water access and quality
- Improving water use efficiency
- Sustainable wastewater management and sanitation

V.2 Food security

Food security is understood to mean the ability to give all people, at all times, physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life. This definition already includes the three basic conditions – availability of food at local, regional level and national level, access of all sections of the population to food and its use.³

Food prices have increased in almost all countries in recent years (particularly 2007 and early 2008). At the same time, the number of hungry or malnourished people in the world has risen to 923 million, which has placed Millennium Development Goal 1 further out of reach for some countries and regions. The poor and underprivileged sections of the population in the urban centres (slum dwellers), but also the broad mass of subsistence farmers, pastoralists, fishermen and small traders, i.e. particularly those living below the national poverty line, suffer most from low production for own use, lack of market production and higher costs.

V.2.1 ADC food security aims

Many of the focal points listed below are contained in the national poverty reduction strategies or sectoral programmes as well as in local development plans in ADC partner countries, in the policy agendas of regional organisations and/or at continental level (such as the Comprehensive Africa Agriculture Development Programme – CAADP of NEPAD). So depending on the individual case in point, these concerns and alignments can usually be given special programmatic emphasis or pursued through participation in complementary measures, with due attention paid to the actual social, economic and natural conditions and above all to the direct needs of the local population:

1. Obligatory strict assessment of the implementation of ADC objectives and principles as per policy document and compliance with quality criteria in strategies, programmes and projects. Of particular importance is taking account of **ecological sustainability and social equity**.
2. Continuation of ADC's programmatic priorities in rural development with special emphasis on promoting **small-scale, family-owned farming enterprises, organic farming and access to local and regional markets**. Priority is attached to securing food supply through self-production, generating additional income to satisfy basic needs and conserving natural resources, also for future generations.
3. Concentration on the needs, interests and potential of economically, socially and politically underprivileged or marginalised **sections of the population living below the national poverty line** and of ethnic and social **minorities**.
4. Special attention to land rights and use, with stress on gaining **equitable**, but also consistently **gender-sensitive, access to land**, particularly for women, and sustainable land use planning at local level. Respect for human rights plays an essential role in this connection along with good governance.

³) Declaration of Rome (World Food Summit 1996)

5. Reinforcing synergies and coherence between strategies and approaches in food aid (as disaster and emergency relief) on the one hand and sustainable food security through long-term interventions on the other. In this context, the **linking relief, rehabilitation and development (LRRD) approach** must be adopted throughout as required by the EC provisions.
6. Greater account taken of support for modern approaches in **rural extension services** and imparting relevant **information** for producers (optimising public and private services to meet demand) as well as **training**, largely in the informal sector with particular relevance to practical life.
7. Improved linkage of food production and marketing aspects with **applied research**, which requires good coordination and networking among education, science, extension services and production through concentration on **stakeholder capacity development** in partner countries.
8. Improved synergies and linkage between food production/marketing aspects and food security on the one hand and **decentralisation, local governance and local development** on the other. In this connection, account must be taken of principles such as participation, inclusivity, transparency, etc. in local development planning, decision-making and implementation and cooperation among all stakeholders (public and private sector as well as civil society) along local **supply chains**.
9. Helping to initiate or speed up local growth momentum, accounting for the rural-urban continuum, partly through **ongoing assistance and investments** in food production and marketing.
10. Greater emphasis on the **social security** approach at local level and strengthening instruments for early-warning and information management.

In the event of an acute crisis, interventions with humanitarian aid measures will also have to be taken.

Food security and sustainable resource management in Ethiopia

ADC has been engaged in North Gondar (Amhara Regional State) since the mid-1990s. In the course of cooperation with the regional government, measures have been developed to secure the livelihood and improve the standard of living of Ethiopian smallholders through sustainable natural resource management. The current programme (2008–2012) consists of a package of measures in complementary areas. These largely concentrate on promoting livestock farming for the market, integrated water catchment management, creating alternative sources of income, settling issues of land ownership and use as well as capacity development for local actors. As diverse as they might appear at first sight, all these activities aim at preventing hunger as far as possible and the frequent, current, chronic dependence on external emergency aid as a result.

V.3 Education and science

Strengthening education and knowledge systems in partner countries has always been a key concern of ADC. In line with the principles of the Paris Declaration and in particular the precept of increasing the division of labour within the international donor community, clear priorities will also be set in education and science in future. Building on its profile and wealth of experience, ADC will thus concentrate on **vocational training** on the one hand and on strengthening **higher education and scientific capabilities** on the other. This planned realignment in the latter area is described below.

V.3.1 Higher education and scientific cooperation

Stronger scientific capabilities make a major contribution to attaining the MDGs and to sustainable development in the partner countries. They do this, for example, in farming, food security, health, water/sanitation, energy and education, areas of direct relevance to the MDGs. At a general level, this enhances human, knowledge and technological resources, which are important parameters for good governance and sustainable growth for poverty reduction. Global problems call for specific local solutions. Problems, such as water shortage, climate change or poor soil quality are bound up with numerous local causes and need to be addressed with a mix of international and local knowledge. So, international scientific cooperation is the right approach here.

The overriding developmental goal of strengthening scientific capabilities is essentially implemented as follows:

- Developing scientific capacities in partner countries, frequently through institutional North-South and South-South partnership programmes
- Practical support for applied research projects specifically aimed at local problems (developmental research)
- Prior framing of appropriate policies and strategies in countries with weak science and research capacities

V.3.1.1 Framework at EU level

The significance of science and research for development cooperation was repeatedly emphasised in central EU documents in the course of last year, such as the **EU Code of Conduct on Complementarity and Division of Labour** of May 2007. While all EU member states are generally called on to concentrate on no more than three sectors per partner country, complementary measures are proposed in any case in education/training (incl. scholarships) and research.

The **EU-Africa Strategic Partnership** adopted in December 2007 envisages eight priority fields of activity, so-called Africa-EU partnerships. Partnership no. 8 pertains to science, highlighting its major role for socio-economic development and defining a list of activities for implementation. Institutional cooperation between EU and African universities is an explicit operational measure in this partnership.

The latest **EU Council conclusions „Speeding up progress towards the MDGs“** stress the important contribution of developmental research to attaining the MDGs.

V.3.1.2 Aims of ADC engagement

To date, ADC higher education measures in favour of the key regions of the South have traditionally contained a **pronounced scholarship component** for study visits to Austria.

To build scientific capacities in partner countries, there is, however, a need for further-reaching measures beyond assistance to individuals to involve all levels alike in scientific cooperation (management, teaching and research). In this connection, it is also necessary to do away with the traditional separation between interventions in higher education and developmental research and combine these in a suitable way for a coherent approach to strengthening scientific capabilities.

In future, therefore, ADC will be actively supporting more comprehensive institutional cooperation between higher education institutions in partner countries and Austria. Cooperation will not, however, be confined to just bilateral arrangements but will also seek avenues for cooperation specific to individual developing countries as part of EU programmes. This also applies to EU and international initiatives in developmental research. Cases in point are the active participation of the Federal Ministry of Agriculture, Forestry, Environment and Water Management and ADA in two EU-financed initiatives (Agricultural Research for Development Dimension of the European Research Area – ERA-ARD and the European Union Water Initiative – ERA-NET) for coordinating national development research programmes in agriculture and water (Networking the European Research Area – Coordination of National Programmes: ERA-NET). The aim in this context is sustainable ADC support for developmentally relevant water management and sanitation research. Another example is the international research project, Global Energy Assessment, implemented under the leadership of the Vienna-based International Institute for Applied Systems Analysis (IIASA) in cooperation with universities in developed and developing countries. Together with other donors, Austria supports programmes to strengthen civil society.

ADC initiatives for building scientific capabilities in partner countries will in future include the following features:

- Complementing and flanking the ADC programme with an appropriate, clear focus on the thematic priorities and the priority ADC countries and key regions as per respective Three-Year Programme
- Activities carried out in the partner country with complementary measures in Austria. It cannot always provide the ideal set of measures for the partners, though. This is why in selected cases ADC has already facilitated cooperation in the past between ADC partner countries and other developing countries. This South-South cooperation will continue to form part of the overall strategy in future as well.
- Developing scientific capabilities can also help advance regional convergence. So it makes sense to support local partner institutions with a significant profile in the whole region. These institutions are thus also suitable partners for ADC when it comes to thematic training courses (water/sanitation, conflict, etc.) for candidates in the whole region.
- Making maximum use of EU developmental programmes and initiatives to step up scientific cooperation between ADC partner countries and Austria. Here there is a need to build on the existing bilateral contacts as a nucleus for more complex EU-funded scientific cooperation

Developing scientific capabilities in ADC partner countries is also a concern of the Federal Ministry of Science and Research, which is traditionally heavily engaged in the South Eastern Europe region. An example here is the joint commitment with ADC in Kosovo aimed at capacity building in higher education and research both at ministerial and university level. Moreover, the Federal Ministry of Science and Research now also specifies assistance in implementing the MDGs as one of the five pillars of the **Internationalisation Strategy for Higher Education, Science and Research**. An initial practical engagement has started in Ethiopia, centring on measures in quality assurance and evaluation at universities. Parallel to this, ADC will promote the international mobility of Austrian students to partner countries, also to counteract the one-sided South-North axis.

The Commission for Development Studies (KEF) is the central platform for Austrian developmental research. It brings scientific questions to bear on developmental goals and promotes research partnerships with developing and transition countries. The Federal Ministry of Science and Research will step up its current financial commitment to KEF by a considerable margin.

In cooperation with the ADC, the Federal Ministry of Agriculture, Forestry, Environment and Water and, as appropriate, the Federal Ministry of Science and Research, will continue to make substantive contributions to the relevant international and European research initiatives and networks (e.g. CGIAR, EIARD, ERA-ARD).

The ADC sees the need to build up or strengthen **Austrian scientific capabilities** in international development and **development cooperation** as a complement to promoting these in partner countries. Key points are harnessing synergies and developing competencies in basic research, training junior scientists and action research. ADC will also make its contribution to this process.

Water research: SPLASH ERA-NET

Together with eleven European states since the beginning of 2007, ADC has participated in SPLASH ERA-NET, an international water research network financed by the EC. The network consists of personnel in ministries, development agencies, research promotion institutions and national research and development organisations. SPLASH ERA NET aims at increasing the efficiency of European research through improved cooperation in water for development. It also seeks to strengthen capacities in developing countries to enable them to coordinate, communicate and implement their activities better. Austria heads one of the six work packages with the aim of including developing country actors and their experience in SPLASH and enhancing their role in research cooperation. Guidelines will be prepared to improve know-how transfer among researchers, political decision-makers and practitioners, citing good practices in demand-led research.

As the federal budget for 2009 has not yet been adopted on finalisation of the Three-Year Programme, it contains no forecast scenario.







