

# 1

## PART ONE

### STRATEGIC FRAMEWORK OF CO-OPERATION WITH THE DEVELOPING WORLD



## A-1 Basic Development Policy Framework and New Orientations

### Introduction

Nowadays we are faced with a difficult situation in the form of a global financial crisis, since “trust”, the fundamental law of the system, has suffered a sever shock. This is a world wide phenomenon that may only be combated globally, as there are no “magic solutions” at country level. The effort must be co-ordinated, as no country is capable to solve this international problem solely with its own fiscal means.

Amongst this vortex of rapidly evolving sequence of events, poor countries around the world articulate their cry of anguish not to be abandoned, but on the contrary to be protected against the impact of a global crisis, that despite having commenced so far away from them, they are being painfully affected.

Within this framework it is our duty not to neglect two categories of countries:

First, the Least Developed Countries (LDCs), the most poor countries of the world, basically located in Sub-Saharan Africa. There are already specific initiatives that have been undertaken for confronting their tormenting problems, the most important of which is the effort to achieve the Millennium Development Goals (MDGs). This means that rich countries will have to keep providing development assistance to these very poor countries.

Second, the emerging economies, which for a very long period of time are not included in the system of global economic governance, despite the fact that they are very important to the global financial system. This means that they do not participate at the decision making process, something that can no longer continue. Global economic governance must promptly seriously consider the views of Russia, China, India, Brazil (the so called “BRIC” countries), that is countries having high development rates, but for historical reasons are not included in various fora that decide on policy co-ordination.

In order to achieve the above, international donors must engage in a race with time and another against the financial crisis and the food crisis, in order to win the battle against poverty and meet the MDGs. Yet, various negative factors are involved like negligence to respond to international obligations, corruption in recipient countries, local and regional conflicts. The result is that the effort to combat poverty is threatened by the international financial crisis and its parameters.

There is therefore an urgent need to rise to the occasion and supply with renewed energy this global co-operation for development.

### Basic Development Policy Framework and New Orientations

By adapting to the new international circumstances, that refer to practicing by states of a multi-dimensional diplomatic activity framework, Greece adopts, beyond traditional “political” diplomacy, modern foreign policy patterns, such as development diplomacy. This refers to an undertaking of common action by developed states and NGOs, in order to radically combat significant global problems – challenges and prevent inherent dangers that these bring about.

The world today faces a series of very important problems-challenges, in the framework of a globalized reality, wherein conditions change in unprecedented rates. As the world becomes more and more interdependent, the problems are internationalized. Poverty, illnesses, malnutrition, illiteracy, lack of access to drinkable water, deterioration of the environment, violation of human rights, regional conflicts, lack of democracy, all constitute problems that destabilize the balance of the international system, as they are generated in the less developed countries, but have considerable impact in the developed ones.

The international community has agreed that there is a need for a co-ordinated, complementary, collective effort to combat poverty and confront other contemporary challenges, by recognizing that no country by itself can bring about the desirable changes. On the contrary, all countries, both developed and underdeveloped, are responsible for sustainable development of their population, as well as for the evolution of the planet.

In this context, the efforts undertaken since the year 2000 by the international community of donors and by developing partner-countries for implementating the MDGs, constitute a policy framework for achieving stability and prosperity, for the benefit of all peoples of the world. These Goals provide for:

**Box (i)**

- elimination of extreme poverty and hunger;
- universal primary education in all countries;
- promotion of gender equality and provision of opportunities to women;
- reduction of infant and child mortality;
- improvement of maternal health;
- combat HIV/AIDS virus and other diseases;
- ensure environmental sustainability;
- develop a global partnership for sustainable development.

(see analysis of Goals in ANNEX [I])

Via practicing development diplomacy, Greece undertakes initiatives and activities that serve the MDGs and are in accordance with priorities of the Development Assistance Committee – (DAC) of the OECD, the European Union (EU) and national development priorities.

Consequently, Greece has adopted the international goals and is committed both for contributing to their achievement, as well as for fulfilling the adopted to date quantitative and qualitative targets that result from the “Monterrey Consensus on Financing for Development” (Mexico 2002), the “Paris Declaration on Aid Effectiveness” (Paris 2005), the “European Consensus on Development” (2005) and the “Accra Agenda for Action” (Accra 2008). Furthermore, the development policy of Greece directly connects the basic goal of poverty reduction with the fundamental principles of promoting good governance, respect of international law and human rights, as well as active participation of NGOs in the development process.

Moreover, emphasis is given to the other horizontal issues, such as gender equality and the environment. Another objective of the Greek development policy refers to the achievement of balance among activities aiming at economic development in general, protection of natural resources and improvement of poor populations’ living standards.

Effective implementation of the above mentioned basically presupposes policy coherence of Greece’s policies, that is for development policy objectives to be based upon decisions taken

in other policy sectors. By following EU prospects on Policy Coherence in favour of development in various sectors (trade, environment, climate change, security, agriculture, fishing, social dimension of globalization and employment, immigration, research and innovation, information society, transport, energy) Greece attempts to improve the necessary official procedures, while it focuses its efforts for more policy coherence for development to the sectors of immigration policy, climate change, the environment, transport and trade.



Furthermore, alignment of development co-operation with the systems of developing countries (policies, priorities, structures), harmonization of donors, “results centered” - managing for development results and aid predictability, are all considered as significant parameters for the achievement of the MDGs. In the framework of the effectiveness and harmonization of aid, Greece seeks co-operation with other donors, as this is determined by the DAC/OECD and the EU.

Moreover, in respect to the above mentioned, the importance of focusing aid provision on countries and sectors where Greece enjoys a comparative advantage, is specifically noted. In the process of implementing the above and according to the prospects of the “Paris Declaration on Aid Effectiveness”, HELLENIC AID drew up the “Greek Action Plan on Co-ordination and Harmonisation”, already since 2004.



## A-2 Greece and European Union Development Co-operation



### A-2.1 The EU development policy – Greek participation to the relevant decision making bodies – Results of the General Affairs and External Relations Council (GAERC)

#### Introduction

A major issue for the EU during 2008 continued to be the question on how to improve the effectiveness of its aid, confirming at the same time its commitments concerning the ODA percentage, collectively as well as individually and thus remaining the world's biggest donor.

#### A) GAERC of 26-27 May 2008

##### - Protection of the rights of children in the EU external relations within the framework of development cooperation

Ministers discussed the enhancement of EU actions towards the protection of children suffering the consequences of armed conflicts, in combination to the UN legal framework and the achievement of the MDGs (education, combating children's labor etc.)

##### - Economic Partnership Agreements EU – ACP countries

Ministers examined the progress of the negotiations, which is not the expected one. They expressed concerns about their conclusion according to the agreed timetable. It was pointed out that the developmental character of these agreements should be ensured and they expressed their satisfaction on the conclusion of a full EPA between EU and CARIFORUM.

##### - Achievement of the Millennium Development Goals

Ministers discussed and adopted Conclusions concerning speeding up of efforts in achieving the MDGs, from the part of developed countries as well as from that of developing ones. It was confirmed that we are lagging behind to achieve most of these Goals. The majority of member - states supported the Commission's proposal to adopt the "EU Agenda for Action", as a means to strengthen the relevant effort.

##### - Financing for Development

The commitments that collectively the EU and individually the member states undertook to increase Official Development Assistance, were reaffirmed (Collective EU target: 0.56% GNI for 2010 and 0.7% GNI for 2015).

##### - Food prices crisis and food security in developing countries

Ministers and the representative of FAO discussed the extent and the causes of the problem and pointed out the need for immediate measures, especially for the poorest groups of population in developing countries, in co-operation to the competent international organisations.

#### B) GAERC of 10-11 November 2008

##### - Preparation of the Doha International Conference on the financing for development (29/11 – 2/12/2008)

The Council adopted Conclusions as a common position of the EU towards the abovementioned Conference, which confirmed the commitments of the international donors community vis-à-vis the developing countries, in spite of the difficult economic conjuncture, created by the global financial crisis. It was pointed out that the financial crisis should not constitute an alibi for not meeting our promises.

- Food crisis in developing countries

The discussion was concentrated on the course of consultations between the Council, the Commission and the European Parliament and the speeding up of the adoption of the relevant Regulation «European Facility», for a period of 2-3 years and financial cost of up to 1.00 BEURO, aiming at the alleviation of poor populations suffering from the crisis. It will not cover medium or long term measures for structural adjustments or infrastructure improvements.

- Development perspectives in Afghanistan

The Council discussed the interrelation of security and development and the EU contribution to disarmament, demobilization and reintegration of soldiers to the community, through an institutional reform in this country, in order to proceed towards sustainable development. Greece pointed out that the EU's presence, with its mechanisms, is indispensable and informed member - states for our intention to continue our developmental presence in Afghanistan.

- Regional Integration of ACP countries and Economic Partnership Agreements (EPAs)

The Council adopted Conclusions concerning the contribution of these Agreements and especially of their developmental and commercial dimension, to the regional integration of African, Caribbean and Pacific group of countries.

### **C) Informal Meeting of EU Development Ministers (Ljubljana, 17-18/2/2008)**

- Aid Effectiveness

Ministers discussed the need for raising aid percentages and enhancing aid effectiveness, as basic elements for achieving the MDGs.

- Economic Partnership Agreements EU- ACP countries

Ministers examined the progress of the negotiations in a critical spirit towards the handling of the dossier by the Commission, regarding the delays that we all witness. The fact that we reached an agreement on an alternative trade regime through the Interim Agreements with the majority of ACP countries, in order to avoid any distortions on our trade exchanges, should not lead to the looseness of the negotiations, but on the contrary to their speeding up, in order to conclude full EPAs with all six regions, as soon as possible.

- Protection of the rights of children in EU external relations within development co-operation

This subject constituted a priority issue of the Slovenian Presidency. The informal meeting gave the opportunity for a first exchange of views, before the formal discussion during the GAERC of May. The Commission presented a Communication which served as a basis for the draft Conclusions adopted by the Council.

### **D) Informal Meeting of EU Development Ministers (Bordeaux, 29-30/9/2008)**

- Food Security

Ministers supported the draft Regulation for an immediate response to the needs of developing countries suffering from the food prices' crisis, with an amount reaching 1.00 BEURO for the years 2008 – 2009, within EU's financial perspectives. The need was also pointed out for long term coherent policies regarding the agricultural sector of developing countries.

- Architecture of EU development assistance

All member – states agreed on the need to reduce the number of development services and procedures, resulting to a considerable loss of funds. They, also, welcomed the results of Accra International Conference on aid effectiveness and asked for more division of labour within EU, in order to avoid overlapping on aid scheduling and delivery.

- Preparation of the Doha International Conference on financing for development (29/11 – 2/12/2008)

All member – states acknowledged the importance of the Conference, especially during this global financial crisis which will have more severe consequences on developing countries. Ministers mentioned delivery of committed ODA, the importance of seeking innovative sources of financing, foreign direct investments, strengthening of tax systems, private funding, fight against corruption and illegal transfer of capitals, improvement of developing countries access to international trade and debt relief of the poorest countries.

- Climate change and its impact on development

It was stressed, on the one hand the close relation between climate change and sustainable development and on the other the need to limit down the initiatives dealing with climate change impact on developing countries, in order to become more effective and substantive. Ministers pointed out the need for seeking additional funds for the relevant projects, the enhancement of developing countries' specific role and the importance of co-operation between ministries within member – states (Finance, Environment, Foreign Affairs/Development Co-operation etc.), in order to reach a coherent approach of this issue.

### **A-2.2 Euro-Mediterranean Co-operation. European Neighbourhood Policy (Southern dimension)**

Activities in the framework of the Euro-Mediterranean Co-operation are complemented and reinforced by The European Neighbourhood Policy (ENP). Financing of development activities in the region takes place through the European Neighbourhood and Partnership Instrument (ENPI) which geographically replaces MEDA and TACIS with the respective Administrative Committee and is in force since 1-1-2007. Greece actively participated at the works of the ENPI Administrative Committee, since this Committee plays an important role in the effective co-ordination of development activities originating from the EU and Member States, in order to enhance cohesion and complementarity of their co-operation programmes. Furthermore, it encourages co-ordination and co-operation with international financial organisations and other sponsors. The ENPI is the basic EU financing instrument that enhances Euro-Mediterranean co-operation, the main goal of which is to provide technical and financial support for reforming financial and social institutions of the Mediterranean countries.

On a bilateral basis, Greece in 2008 approved in total some 22.48 MEURO for projects that covered countries of the Southern dimension of the ENPI: Algeria (0.10 MEURO), Egypt (8.84 MEURO), Lebanon (2.67 MEURO), Syria (3.44 MEURO), Jordan (2.15 MEURO), Morocco (0.19 MEURO), Tunisia (0.15 MEURO), Palestinian Admin. Areas (4.94 MEURO). Education, water resources, social services, culture, agriculture, the environment, were the main development assistance sectors.

### **A-2.3 EU relations with ACP countries**

The main issue of the EU – ACP countries relations during the year 2008 remained the Economic Partnership Agreements negotiations, between the two parties. Despite difficulties, the process is on going. The only region, though, that has already concluded a full EPA

Agreement, within the agreed timetable (December 2007), is the CARIFORUM. The Agreement has been signed and the ratification procedure from member – states' national parliaments has already been forwarded. For the rest of the five regions there will be some flexibility regarding the timeframe of conclusion of the negotiations, since most of the countries signed interim market access agreements with the EU, compatible to the WTO rules, after the expiration of the trade preferential regime of the Cotonou Agreement on December 31<sup>st</sup> 2007.

In the framework of promoting the environmental sector and combating climate change consequences in developing countries, both as an EU priority and as a priority of our bilateral development co-operation policy, Greece signed, in September 2008 in New York, two Memoranda of Understanding with the African Union and CARICOM respectively, aiming at financing projects of climate change adaptation and mitigation, amounting to 12.00 MEURO (3.00 MEURO per year for a period of 4 years) in the case of African Union and 4.00 MEURO (1.00 MEURO per year for a period of 4 years) in the case of CARICOM.

#### **A-2.4** **EU relations with countries of** **Asia – Latin America the Middle East – South Africa - DCI**

Since 2007 the “Development Co-operation Instrument” (DCI) constitutes the main EU instrument for development co-operation with countries and regions in Asia, Latin America, the Middle East and South Africa. The DCI is implemented through geographic and thematic programmes. Thematic programmes support activities in the policy areas of Environment and Sustainable Management of Natural Resources, Investing in People, Non-State Actors and Local Authorities in Development, Food Security, Migration and Asylum, and in ACP Sugar Protocol Countries.

The overall DCI budget for geographic programmes for the period 2007-2013 is 10,057 BEURO and for thematic programs 5,596 BEURO. Greece on the one hand finances bilaterally humanitarian and development aid programmes and on the other, actively and constructively participates in the meetings of the Development Co-operation Instrument, within the EU framework.

In 2008, Greece approved at bilateral level a total of:

- 66.14 MEURO for programmes concerning Asian countries, of which 27.40 MEURO for countries of South and Central Asia,
- 7.52 MEURO for countries of the American continent, of which 1.22 MEURO for countries of Northern and Central America and 3.99 MEURO for countries of South America,
- 23.13 MEURO for countries of the Middle East and 24.85 MEURO for Sub-Saharan Africa countries.

**A-3**  
**Greece and Development Co-operation in the framework**  
**of the Development Assistance Committee (DAC)**  
**of the Organisation for Economic Co-operation and Development (OECD)**



**A-3.1**  
**46<sup>th</sup> High Level Meeting**  
**of the Development Assistance Committee (DAC) of the OECD**  
**20-21 May 2008**

The issues discussed during the Meeting were the following:

- **Whole-of-Government Approaches to Situations of Conflict and Fragility**

The issue was enlisted at the agenda of the dinner that presided the Meeting within the wider framework “Security and Development”. The basic objective of the whole effort is to avoid categorizing some developing states as “fragile states” – a practice that offends these states – and recognize the term “fragility” as a situation (fragility situations) of some developing countries that emerged as a consequence of various parameters – structural weaknesses (political, institutional, economic, social, natural, security). Consequently, the strategy that will have to be adopted must answer to the question of how these different and frequently heterogeneous causes that emerge for a certain time period will be combated (prevention) and lead the country to an uncertain situation (fragility) for a very long period. Security and good governance are considered to be the most important of the above mentioned parameters. Efforts will be undertaken to connect “fragility” with the approach, for developing countries, via policies on security and good governance (in a wider sense combat corruption and institution development).

- **Rising Food Prices: Implications for Development Co-operation**

It was pointed out that rising food prices require multilateral co-ordination and decision-making, including for short-term humanitarian response, which should preferably be provided in cash rather than in kind in order to stabilise local markets. While prices are expected to decline from the current peak, they will still level off at 35% to 40% higher than before the crisis, thus threatening developing countries’ growth and poverty reduction. The development challenge is therefore to assist the poor to cope with these higher prices and to turn the agricultural sector into an engine of growth. This requires a global response and a long-term perspective. The OECD is about to launch a horizontal programme on food prices, using its convening role and comparative advantage to propose policy responses.

- **The Political Agenda for Development Co-operation**

Aid effectiveness is a global political issue, with the Accra High Level Forum outcome becoming critical not only for implementing the “Paris Declaration on Aid Effectiveness”, but also for showing progress on scaling up and reaching the MDGs. Therefore, DAC members were asked to send a clear message on accelerating progress by substantially combating all

problems in the process to implement the “Paris Declaration”, especially in the priority areas identified by partner countries.

DAC members express their will to undertake specific actions, such as:

- Actively contribute to partner countries’ efforts to deepen “ownership” of their development process
- Strengthen mutual accountability for development results at all levels
- Promote more inclusive partnerships to improve aid effectiveness

Furthermore, as a contribution to help build consensus with partner countries on the text of the “Accra Agenda for Action - AAA” (see ANNEX [II]), DAC members agreed to take decisive actions to accelerate progress in the six priority areas identified by partner countries:

- Strengthen demand driven capacity development
- Increase medium-term predictability
- Improve application of conditions
- Make progress on division of labour
- Donor incentives
- Untie aid

On untying, participants agreed to extend the coverage of aid untying to the countries: Bolivia, Cameroon, Cote d’Ivoire, Ghana, Guyana, Honduras, Nicaragua, Republic of Congo.

Finally, member states unanimously expressed their dedication to meet the “Monterrey” (2002) targets.

#### • **The Changing Landscape of Development Co-operation and the Future Role of the DAC**

As regards the first issue, it was reckoned that the DAC should engage in an open way to identify synergies for better collective impact from development co-operation, instead of focusing on making others more like DAC Members. At the same time, non-DAC donors should be welcomed to draw on DAC experience to build their own capacity. As regards the second issue, the need was expressed for the DAC to recognise the increasing complexity and interdependence in the changing landscape by fully understanding the role of new players, including the private sector, as well as issues around global public goods. The DAC will also need to consider how to strengthen, via the “reflection exercise”, the link with other policy areas that affect development and how to interact among members in the context of increasingly whole of government approaches.

#### • **Climate Change, Development Co-operation and Strategic Environment Assessment**

Strong emphasis was given to the links between climate change adaptation, mitigation and development, as well as the need for development co-operation to be based on partner countries’ own systems, strategies and national development plans, while special attention should further be paid to LDCs and small island developing states. Member states also recognized the need to identify new innovative sources of finance, including through the private sector and opportunities offered by carbon markets.

Participant countries endorsed the “Statement of progress on integrating climate change adaptation into development co-operation” and the “Policy statement on strategic environmental assessment”.

**A-3.2**  
**Senior Level Meeting**  
**of the Development Assistance Committee (DAC) of the OECD**  
**9-10 December 2008**

The issues discussed during the Meeting were the following:

- **Development Co-operation in the Context of the Financial Crisis, including Stocktaking on ODA Commitments**

The World Bank and the International Monetary Fund gave assessments of the impact of the crisis on developing countries, which will have to absorb the impacts of the earlier food and fuel price crises, thereby now some thirty three (33) countries being more vulnerable to the effects of the financial crisis. In this framework, provision of ODA could play a major positive role. The DAC needs to give a strong message both to parliaments and the public, on the need for a concerted and co-ordinated approach to ODA, which can help developing countries cope with the financial crisis.

- **Plans for Implementing the Accra Agenda for Action**

DAC member states confirmed that there is political support for the implementation of commitments included in the AAA. It was agreed that the DAC should from now on act appropriately, since issues such as use of country systems, division of labour, transparency and mid-term predictability, are difficult to implement since they require actual behaviour change within donor agencies. In this framework the Working party on “Aid Effectiveness” will be restructured on a broader basis, yet retaining its result-oriented profile.

The “Guiding principles on gender equality, women’s empowerment and aid effectiveness” were endorsed that will contribute to the implementation of the AAA, while the “2008 Multilateral Aid Report” was introduced as part of the work on aid architecture and in response to demand for a clearer picture of multilateral aid. Over a third of total ODA is routed to and through the multilateral system, reflecting the importance donors attach to it, but also contributing to the growing complexity of the system. Half the Members have a multilateral strategy, but promoting coherence among ministries responsible for multilateral aid remains a challenge.

- **DAC Strategic Reflection Exercise: Progress Report**

The status of the “DAC Strategic Reflection Exercise” was presented that examines in depth the future role of the DAC. A progress report was presented which summarizes the works of the “Task Team” and includes the results of various discussions completing “Phase I” of the procedure. Participants gave directions as regards the continuation of the Team’s works “Phase II” commenting that the DAC needs to open up to non-DAC donors and partner countries but that it should maintain its character as a club to discuss development co-operation freely and avoid duplicating other international forums. Furthermore, it should also focus more on monitoring implementation of standards as opposed to setting and continuously discussing them.

- **DAC Chair Selection and Financing Reform**

The idea of reforming the DAC Chair selection, as well as the financing reform of his salary and other expenses, is by now ripe among DAC members. The Chair’s annual expenses are calculated at 470,000 EURO. Among the alternative financing mechanisms that have to date been discussed, two have prevailed among members. Namely, covering expenses from (Part I) budget of the DAC and mandatory equal shares of expenses among members. Views

expressed at the SLM continue to vary. At the discussions to date Greece has supported the second alternative option, on the logic of non differentiation among DAC members, since the additional annual share for each member state amounts to approximately 20,000 EURO.

#### • **Environment and Development Policy Co-operation in 2009**

A new economic policy and strategy is needed to be collectively drawn up, in order to finance the process of combating climate change in developing countries. Funds from donor countries and International Organisations are scarce. A new, intelligent and effective way to distribute funds, as well as finding new sources of financing at a global level. Consequently, it is imperative to reorientate alternatives. Emphasis must be given to the most poor, who suffer the most severe impact from climate change, without necessarily bearing the whole responsibility, that is the least developed countries and the small island states.

Furthermore, an effective co-ordination of activities is needed to avoid duplications and best utilization of funds, as well as to find new sources of financing, especially in the present framework of the global financial crisis. Co-operation and complementarity must rise as regards bilateral activities.

Moreover, all donors must more effectively integrate climate change in their national Development Co-operation and Assistance Programmes. Donors' activities must focus at capacity building of developing countries, in order for them to be able to develop (planning and implementation) of their own national strategies, adapted to their particular needs.

### **A-4 Aid Efficiency and Effectiveness**

The objective of development co-operation is to provide tangible results to the lives of poor people. To attain this goal both donors and recipients must improve quality and quantity of aid. In this difficult process, the international community after having analysed achievements and failures of previous decades, adopted in 2005 the "Paris Declaration". The problem is that the principles referred to in this document have been widely accepted, yet progress as regards their implementation is far from been reached.

The dominant significance of the "Paris Declaration" is the change as regards the power relations between donors and recipients of aid. To date donors followed their own rules, resulting to non expected positive results for recipients. From now on responsibility for development must be transferred from donors to recipient partners. The object of the "Paris Declaration" is to enhance effectiveness and co-operation for achieving the best results and in the same time a series of changes at the recipients level.

From now on donors must adjust and work via recipients' budgets and systems and agree before hand for the expected results, in order for both sides to be accountable to each other on these issues.

Progress has already been achieved. Recipients enhance their development policies, while donors upgrade support for recipients' development policies, by proceeding to better co-ordination and by harmonizing their practices. There is no doubt that much more have to be done in order to resolve pending issues and accelerate changes.

For this purpose three international conferences took place during 2008:

### High Level Forum (Accra, 2-4/9/2008)

This Conference was very successful given that it was broadly attended. Attendance included, all DAC donor members, new donor countries, more than 80 recipient countries, all significant International Organisations, as well as many representatives of the civil society and the private sector, who had played a crucial role during the three year negotiations that preceded the Forum. This procedure was a rare example of global co-operation.

The results of the Forum, as these are quoted at the “Accra Agenda for Action – AAA” (see ANNEX [III]), are considered as highly ambitious. The AAA significantly upgraded political support on aid effectiveness issues, since significant commitments were undertaken connected to specific activities and timetables, in order to improve aid provision and usage. The AAA promoted implementation of the five principles of the “Paris Declaration”.

The principles of the “Paris Declaration on Aid Effectiveness” are presented herewith:

#### Box (ii)

- **Ownership**, according to which Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions,
- **Alignment**, which anticipates that donors base their overall support on partner countries’ national development strategies, institutions and procedures,
- **Harmonization**, according to which donors’ actions must be more harmonised, transparent and collectively effective,
- **Managing for Development Results** and
- **Mutual accountability**.

In order to arrange specific secondary issues, the AAA anticipates for the adoption of new international agreements, which will be prepared in the context of the DAC/OECD, which has the overall responsibility to follow implementation of the agreed.

Political momentum for positive results, among developed and developing countries, was evident during the Forum, given the high level of representation of most countries and linking of this Conference with the other two equally high level international meetings that took place in 2008. Accra was the corner stone for the decisions taken during the other two conferences of New York and Doha.

The EU that provides 60% of international aid, played a leading role during negotiations and by persisting to the end to its positions, which were the most ambitious in relation to those of other donors, especially of the USA and Japan, achieved their adoption to an unexpectedly significant extent. EU positions which had been determined at a Ministerial Council in Brussels in July, satisfied to a great extent the positions of the developing countries.

Greece supported the need to focus at the issue of division of labour. This is a very important issue for the EU in the framework of which it has adopted the “Code of Conduct” aiming at attaining the best possible negotiating result.

The basic issues of the AAA that were agreed follow:

### Box (iii)

- **Division of Labour:** Co-operation with partner countries and other donors in order to reduce aid bureaucracy and transaction costs. Adoption of relevant international good practice rules is anticipated.
- **Partner Country Systems:** Partner country systems rather than donor systems will be utilized for the provision of aid.
- **Aid Predictability:** donors will provide information on the programmable aid by country for the next 3-5 years.
- **Criteria - terms:** as regards aid provision donors will from now on use criteria that will be based on partner countries' development targets.
- **Aid Untying:** donors will further reduce their limitations which prevent their partners from procurement of goods and services needed from the source that provides them with best quality for lower price.
- **Mutual Accountability and Transparency:** donors and partners are accountable for development results, not only vis-à-vis their own audience, but also mutually to one another, via common commitments and responsibilities, as well as common systems.

It is important to note that in the framework of the Conference, during a side event entitled "Marketplace of Ideas", a visual colorful gallery of posters was presented of a representative development project from each country, implementing the goals of the Paris Declaration.

Greece participated at this event with a poster (see below) highlighting the Hellenic Plan for the Economic Reconstruction of the Balkans (HiPERB).

### United Nations MDGs Summit (New York, 25/9/2008)

This was a high level Conference. Speeches were focused at gaps that have been ascertained towards the achievement of MDGs. Among others, the following were underlined:

- Ambiguity as regards determination of sectors of activity and insufficient financing of them
- Weakness to determine priorities, while
- An increase of volunteer commitments was requested in order to restore the schedule for the achievement of MDGs.

Greece participated at Round Table III on "Environmental Sustainability" under the chairmanship of Finland. Greece focused its intervention at its concerns for the deterioration of climate change and the existing deficit between environmental needs and their financing. Within this framework, Greece announced its decision, on the one hand to support with 20 MEURO adaptation projects of the African Union (AU) and CARICOM and on the other to proceed to a similar agreement with the Alliance of Small Island States – AOSIS (see Chapter [D-3]).

The Conference was concluded with the comments of the UN Secretary General, who underlined the positive response of donors to face development challenges and summarized committed provisions that will enhance UN activities.

**Financing for Development follow-up meeting (Doha, 29/11-2/12/2008)**

A successful UN conference. Participation included nearly all members of the Organisation, regional Organisations, International Financing Institutions, and representatives of civil society. The most important issues discussed are presented below:

- It was confirmed that the commitments of the “Monterey Consensus” and the “Millennium Declaration” are in force, as regards the rates of ODA increase and the interim EU target (0,56% of GNI collectively for 2010 and 0,51% of GNI for each member state, as well as 0,70% of GNI for 2015), while the need was underlined to consider new parameters such as financial, social and environmental.
- The global international crisis must not become an alibi for violating developed countries’ commitments. Mostly small developing countries pointed out emphatically that whereas they have already achieved significant progress in terms of reforming their institutional framework and financial structures, the response of the developed countries is not the expected one, as regards financial support.
- Trade has an important developmental role but funds are needed. Donors must abide by their commitments to finance “aid for trade” in order for developing countries to be supported in their effort to be integrated at the international trading system. Trading structures of the developing countries must be modernized in order to survive, especially due to the global crisis.
- Cancellation of public debt must not substitute development assistance. Compensation results to the detriment of developing states which lose significant development co-operation funds in real prices.
- Dramatic appeal from Small Island Developing States (SIDS) due to the threat of their existence from the consequences of climate change.
- Special report on Africa that is at the margin of the global economy. Expectations of the “Monterey Consensus” were not confirmed, since most countries in Africa are far from achieving the MDGs. There is a need for immediate assumption of initiatives by the UN and the EU.
- A series of reforms and modernization of the World Bank and the International Monetary Fund are needed, in order for them to cope with contemporary demands.
- The quest for innovative sources of financing of development assistance is absolutely necessary, since many countries acknowledge that their national budgets have been drained.

## HELLENIC PLAN

For The Economic Reconstruction Of  
The Balkans

# HiPERB

## 2002-2011

A TOUCH OF REGIONAL SOLIDARITY

### Overview

The Hellenic Plan for the Economic Reconstruction of the Balkans is the **most important** Greek Development Cooperation Programme in terms of both total budget - € 550 million – and **aid effectiveness**. It covers the Balkan countries Albania, Bosnia and Herzegovina, Bulgaria, FYROM, Montenegro, Romania and Serbia, primarily focusing on economic development, with a special emphasis on infrastructure, energy and productive investment sectors.

### Highlights

The goal of the Hellenic Balkan Programme is to contribute to **economic and social stability** in a geographic region that has recently experienced social and political unrest. It has three components:

- **Large scale public infrastructure projects**, representing the major part of the budget (79%); projects supported by these funds are proposed by the governments of partner countries;
- **Private productive investments**, representing 20% of the budget, and intended to stimulate and sustain economic development throughout the region;
- **A small project fund** at 1% of the budget, managed by the Greek Embassies in the recipient countries and intended to support projects of a value of up to € 50.000.

The principles that govern the Hellenic Balkan Programme's implementation are **efficiency and transparency**. **Bilateral agreements** have been signed with each partner country, national co-ordinators have been nominated by their governments and joint management committees have been established. The administrative support of the program is carried out by a separate unit within the **Ministry of Foreign Affairs** which deals with bilateral economic relations.

### Results/Impacts Achieved

There are no detailed quantitative data at present, but the Hellenic Balkan Programme has contributed to a number of important sectors addressing stability and reconstruction of the region, including investments in and support to: **infrastructure, productive investments, public administration, institutions, establishment of rule of law, education and vocational training and programs to redress economic inequalities**. Furthermore, a tangible strengthening of private initiatives and the bolstering of **cooperation between the countries** of the region is a significant early outcome of the Hellenic Balkan Programme.

### Lessons Learned for Replication/Scaling Up

The primary lesson learned is the significance of incorporating individual development initiatives into an **integrated regional plan**. The success of the plan is based on the fact that programmes are totally demand-driven, ensuring ownership, and that they adhere to local and national systems of aid delivery, guaranteeing alignment. Consequently, the structural organization and the management of the Hellenic Balkan Programme illustrates an operating standard for the implementation of the **aid effectiveness principles of ownership, alignment and managing for development results**.



An example of a large-scale public project of the Programme is the reconstruction/renovation of the former Common Institutions Building in Sarajevo (Bosnia & Herzegovina) renamed Building of Friendship between Greece and Bosnia & Herzegovina, with a total budget of € 16.789.989



**HELLENIC AID**  
 MINISTRY OF FOREIGN  
 AFFAIRS OF GREECE



for more information

[www.mfa.gr/www.mfa.gr/en-US/Economic + Diplomacy/HiPERB/Objectives/](http://www.mfa.gr/www.mfa.gr/en-US/Economic+Diplomacy/HiPERB/Objectives/)

#### **A-4.1**

### **Political commitment for the Aid Effectiveness Agenda**

Aid effectiveness is a prerequisite for the attainment of the MDGs. Therefore, from a very early stage Greece has adopted an “Action Plan for Co-ordination and Harmonization” which entails specific commitments with regard to the five principles of the Paris Declaration on Aid Effectiveness. This Action Plan commits all public agencies dealing with aid delivery.

At policy level, a draft 3rd Five-Year Development Co-operation Programme 2008-2012 is in the process of political adoption. This Programme constitutes a strategic framework for the delivery of aid, containing basic principles and guidelines, the priority countries and sectors, and annual allocation of funds for the years 2008-2012. More importantly, the draft in question incorporates the 2006 DAC Peer Review recommendations. In all, the draft Programme strives to facilitate the implementation of the Paris Declaration commitments.

Furthermore, eight Country Strategy Papers, operationalising the above Programme, have been prepared for Moldova, Ukraine, Egypt, Ethiopia, Jordan, Syria, Armenia and Georgia, with a view to better integrating the Aid Effectiveness Agenda into Greece’s system of development co-operation.

#### **A-4.2**

### **Implementation of the Communication Strategy within Aid Agencies and Communication with External Stakeholders**

HELLENIC AID has on occasions issued analyses and guidelines on the commitments of the Paris Declaration and on the respective Greek Action Plan for its personnel, the staff of other Ministries involved in the delivery of aid, as well as for the staff working in Embassies of the Hellenic Republic abroad. Relevant DAC and EU analyses and policy documents are also disseminated to all development co-operation stakeholders.

Furthermore, inter-ministerial meetings take place at the Ministry of Foreign Affairs, aiming at enhancing co-ordination among development co-operation public stakeholders and discussing various development co-operation issues.

The Inter-ministerial Committee for the Co-ordination of International Economic Relations (EOSDOS), constitutes the supreme body of development policy co-ordination, including aid effectiveness items. EOSDOS is attended by the Minister of Foreign Affairs as chairman and the Ministers of Economy and Finance, Development, Merchant Marine, Transportation and Communications, as well as other Ministers as members, according to the issue discussed.

This decision-making and co-ordinating body, in addition to its competences concerning international economic and commercial relations of Greece, determines the strategy framework and priorities of development policy, as well as the financial recourses for its long term policy implementation. At the same time EOSDOS specifies and co-ordinates those policies which may have an impact on the achievement of the development goals.

In addition, the External Affairs and Defense Committee of the Hellenic Parliament is regularly informed about development co-operation issues by the Annual Report of the Greek

Bilateral and Multilateral Official Development Co-operation and Assistance, or via ad hoc thematic meetings, while Members of Parliament may submit questions on various aspects of development co-operation. These questions receive formal written answers, while subsequent discussion in Plenary Meetings may follow, if required.

Finally, HELLENIC AID finances programmes in order to inform civil society on development co-operation issues, including aid effectiveness. There is also a regular exchange of views between HELLENIC AID and civil society representatives on selected topics of development co-operation, aid effectiveness being one of these topics.

### **A-4.3 Organizational Support for the Aid Effectiveness Agenda**

On the occasion of the preparation of the 3rd Five Year Development Co-operation Programme 2008-2012, HELLENIC AID identified a series of areas where organizational improvements could be introduced with a view to increasing the results-oriented management of aid (managing for development results).

These suggested improvements range from changes in the deployment of personnel at headquarters and the field, including their development-related tasks, to targeted legislative amendments to facilitate delivery of aid, and to the systematic organization of training at headquarters and the field.

An equally important step was taken with regard to revising the description of the call for tenders, issued annually, which concerns the implementation of bilateral aid - the subsequent evaluation of the submitted programmes includes strong elements on aid effectiveness which strengthen (or weaken) the possibility of a programme getting approved (or rejected). Evaluation criteria on ownership, expediency of the proposed programme, alignment and complementarity are explicit and guide the evaluators of the proposed programmes in selecting them for financing (see Chapter [B-4]).

### **A-4.4 Progress towards Implementing the Five Pillars of the Paris Declaration in Practice**

An illustrative example of progress in implementing the Paris Declaration commitments is the Hellenic Plan for the Economic Reconstruction of the Balkans – HiPERB (see Chapter [D-1]), which has become instrumental by Law, thus reflecting a high political commitment. This is a single, comprehensive plan which implements an integrated development policy for the region. It is a multi-year programme which applies to Albania, Bosnia-Herzegovina, Bulgaria, FYROM, Romania, Serbia and Montenegro. It covers three areas:

- the most important (79% of the budget) consists of Public Investments/Large scale projects officially proposed by Governments of partner countries,
- Private productive Investments (20%), and
- Small Projects (1%).

The success of the Plan is based on the fact that programmes are totally demand-driven, thus ensuring ownership, and follow the local and national systems of aid delivery, thus guaranteeing alignment.

On a smaller scale and with a different outlook, Greece is implementing a relief and rehabilitation programme in Sri Lanka (see Chapter [D-4]) which methodologically epitomises efforts to advance the Paris Declaration commitments.

Another advance, which equally addresses a DAC Peer Review recommendation (2006), is the programming of multilateral assistance in the sense that multilateral aid receives increased volumes of aid (see Chapter [E-4]) and areas for support are selected upon strategic considerations, i.e. increasing the synergies between interacting areas such as migration and environment, climate change and health, as well as ensuring synergies between priority sectors in bilateral and multilateral aid. This approach is more clearly demonstrated in the draft 3rd Five-Year Development Programme.

Programming as such, especially in the draft 3rd Five-Year Development Programme follows basic choices such as concentration of aid in a small number of countries and sectors in order to avoid dispersal of aid and thus manage better for development results. Focal countries have been reduced to eight and priority sectors per country have been limited to a maximum three. The fact that the 5-year programming sets clear intervention areas to be financed with allocations, albeit indicative for flexibility purposes, covering the total of the programming period, increases predictability of aid.

In order to enhance harmonization through a more rational division of labour, Greece can report various examples, mainly through co-financing initiated at country level which has become a tool of choice. Co-financing with USAID in the Balkans on energy and tourism, in Sri Lanka within the framework of the reconstruction Programme of this country and in Jordan on tourism, as well as co-financing with International Organizations, are expected to lead to worthwhile results. Joint programming with EU partners in the case of Ethiopia illustrates another mechanism to improve division of labour which is a focal area of policy implementation.

Division of labour remains, nevertheless, a considerable challenge for HELLENIC AID given its organizational characteristics. Linked to this, decentralization of HELLENIC AID operations constitutes a critical issue which impacts directly on the quality and quantity of its development co-operation and in turn, on the effective implementation of the Paris Declaration.

Capacity building plays a decisive role for the attainment of the MDGs and this is reflected in Greece's "Action Plan on Co-ordination and Harmonisation". Development assistance in the form of Technical Co-operation granted by Greece includes establishment of organizational and institutional structures which strive to ensure that skills and technology transferred to recipient countries will have a substantial impact and will allow them to implement relevant programmes without external assistance by the time Greek activities reach an end.

Greece is specializing in providing Technical Co-operation in the sector of "social infrastructure and services", namely in activities that enhance social development, such as promotion of medical care, enhancement of primary and secondary education for populations, provision of drinkable water and sanitation, vocational training for young people and women for job creation, establishment of institutions, strengthening of democratization and promotion of equal access for women in the development process.

## A-5 Aid management System, Organisation and Staffing

The aid management system of the Greek development co-operation is presented at the Organigramme of ANNEX [III].

HELLENIC AID was established in the year 1999, according to Article 18, Paragraph 1a of Law No. 2731/1999. In 2000, Presidential Decree No.224 (Official Gazette No. FEK 193/A/6-9-2000) was applied, on the “Organization, staffing and operation of the Hellenic International Development Cooperation Department (HELLENIC AID) of the Ministry of Foreign Affairs”. It is the most recently established General Directorate of the Ministry, responsible for monitoring, co-ordinating, supervising and promoting emergency humanitarian aid activities or other forms of aid, as well as for development assistance for reconstruction and rehabilitation of infrastructures in developing countries, implemented by NGOs, Ministries and other Agencies. The main competences of HELLENIC AID Directorates are:

### • YDAS – 1 Directorate

It is competent for all activities and programmes (co-ordination, collection, forwarding, distribution) of emergency humanitarian or food aid, implemented to meet crises arising from natural or human causes. The Directorate performs sampling checks of products sent, as regards their quality, quantity, kind, compatibility with international standards and as to whether they meet the needs of recipient populations. It evaluates ex ante emergency assistance programmes submitted to HELLENIC AID by NGOs for potential financing. It follows the works of ECHO and other International Organizations engaged in humanitarian and food aid issues.

### • YDAS – 2 Directorate

It is competent for all stages, from ex ante evaluation to implementation, of all international development and reconstruction programmes, submitted to HELLENIC AID by NGOs or Universities for evaluation and potential financing. It supports, co-ordinates and assists NGOs in order to implement development co-operation projects, according to the international development goals.

### • YDAS – 3 Directorate

It is competent for studying and planning of the national development co-operation strategy. It represents HELLENIC AID at the relevant geographical “Foreign Relations Working Groups” of the EU and other International Organizations, as well as at all formal and informal meetings of EU Development Ministers. It provides also information and supports NGOs in their role, when engaged in EU programs (PHARE, TACIS, CARDS, MEDA) and in programmes of other International Organizations. It evaluates development aid programmes submitted to HELLENIC AID by public Agencies for potential financing. Furthermore, it provides secretarial support to EOSDOS for informing the Hellenic Parliament as regards HELLENIC AID activities. It administers all Greek – DAC relations, participates at its Working Groups and Networks, as well as to Senior and High Level Meetings. Furthermore, the Directorate draws up and submits to the permanent Committee for Foreign Affairs and Defence of the Parliament, the Annual Report of the Greek Bilateral and Multilateral Development Co-operation and Assistance. It also compiles, processes and disseminates (both in Greece and abroad – DAC/OECD, other International Organisations, Greek Embassies) development co-operation statistical data, while it keeps the official statistical data base of Greek development aid.

#### • YDAS – 4 Directorate

It encourages civil society development via informative and awareness raising activities on problems faced by developing countries. It provides information and promotes public awareness on issues related to humanitarian aid and development co-operation in the developing world. It evaluates ex ante development education programmes, submitted to HELLENIC AID by NGOs for potential financing. It supervises development education activities and promotes consolidation of volunteerism. It also keeps a “Special Register of NGOs” and provides Certificates of Registration. Moreover, it is responsible for the provision of tertiary scholarships.

#### • YDAS – 5 Directorate

It is the technical adviser to the General Directorate. It is competent for calls of tender and studies, while it determines the terms of contracts. It also monitors progress of implemented development co-operation projects, co-ordinates their implementation and provides technical support to Ministries, NGOs and other Agencies, which undertake development activities in developing countries. This Directorate has been activated recently.

#### • YDAS – 6 Directorate

It is competent for administrative and financial issues of HELLENIC AID. It prepares all administrative and technical procedures regarding the submission for approval of all Ministerial Decrees for the financing of activities or programmes either of public Agencies or NGOs, to the political leadership of the Ministry of Foreign Affairs. It is also responsible for all administrative procedures related to the Financing Contracts signed by HELLENIC AID and Agencies implementing development co-operation programmes.

The personnel of HELLENIC AID is presented in ANNEX [IV]. A very important issue for Greece is HELLENIC AID to employ experienced and trained personnel on development co-operation principles and practices, while this staff to be further trained abroad, on a regular basis. Today, a significant number of experts on development co-operation issues works for HELLENIC AID, who are competent for planning, managing, administrating and implementing development aid.

Personnel of Greek Diplomatic Authorities in developing countries have been assigned the post of “Development Officers” and are specifically engaged with development co-operation issues. This personnel,

- participates in local meetings of donors and in respective meetings of International Organizations, for arranging local co-ordination of granted development assistance
- communicates to HELLENIC AID proposals, as regards specific projects to be implemented, in the countries of their responsibility,
- contacts local State Agencies and Greek or international NGOs which implement projects
- provides consultative opinion on the feasibility of projects proposals submitted by implementing Bodies
- monitors the implementation process of development co-operation activities
- submits reports to HELLENIC AID as regards probable problems or delays, that might clash with the terms of projects’ Contracts, in order to ensure their smooth completion.

Furthermore, the organigramme of the Ministry of Foreign Affairs anticipates for the establishment of HELLENIC AID Offices in countries or geographical regions in which development co-operation is promoted.

Note: The text of chapters [A-1] to [A-5] was drawn up by YDAS-3 Directorate of the Ministry of Foreign Affairs.