

# AUSTRIA

## 1) QUANTITY OF AID

### 1.1. Current/Recent Quantity Performance:

Net ODA US\$m	1681
% of GNI	0.42%

Source: OECD/DAC, preliminary 2008 data.

Since 2001, Austria's ODA has increased in absolute amount (up from US\$633m) and relative to GNI (from 0.34%). However, it peaked in 2007 at 0.5%, mainly due to debt relief operations. Over the period 2001-08, Austria's ODA volume increased by 154% in nominal terms.

### 1.2. Future Quantity Intent

Austria has committed to increase ODA to 0.51% by 2010, in line with commitments by other EU countries. The OECD DAC estimates that 0.51% of GNI will equate to \$US 1,945m in 2010 (DAC, 2009).

Since 2000 a growing proportion of Austrian bilateral aid has been allocated to debt cancellation (65% in 2005, mainly due to Iraq). Therefore other types of aid will need to increase in prominence significantly once debt cancellation is reduced, if future ODA targets are to be met.

## 2) KEY AGENCIES/MECHANISMS

### 2.1 Agencies and Structures

*Federal Ministry For European and International Affairs (BMEIA))*

The *Federal Ministry for European and International Affairs* (German acronym BMEIA, for "BundesMinisterium für Europäische und Internationale Angelegenheiten"), is the focal point for cooperation with developing country governments and is tasked with maintaining coherence in Austrian Development Cooperation. In 2004 BMEIA administered 6% of ODA directly, but following the creation of ADA in 2006 this fell to 2.95% (BMEIA, 2007).

*Austrian Development Agency (ADA)*

Established in 2003, the Austrian Development Agency (ADA) is responsible for preparing, administering, and contracting out projects and programmes set out in the Three-Year Programmes on behalf of BMEIA. To this end, ADA has 17 coordinating offices in partner countries to coordinate activities of various implementing groups – a large share of which are NGOs. 9% of ODA was spent by ADA in 2006 (BMEIA, 2007).

*Federal Ministry of Finance (BMF)*

The Federal Ministry of Finance (German acronym BMF, for “Bundesministerium für Finanzen”) is responsible for multilateral development cooperation, debt relief and export credits. In 2006, due to unusually high levels of debt relief, the MoF was responsible for 76% of Austrian ODA. Of this, 25% was disbursed to international organizations, with the remainder allocated to debt relief (BMF, 2007).

Other Ministries such as Education, Interior run programmes relating to scholarships and immigration, Defence and Agriculture have small separate programmes, and around 2% is run by regions/municipalities.

**2.2 Key Policies and Documents***Three-Year Programme on Austrian Development Policy 2007-2009* (BMEIA, 2007)

Three-Year Programmes outline a strategic framework for development policy. The current Three-Year Programme for 2007-2009 presents Austria’s sector-based approach to bilateral ODA. Assistance will focus on:

- Medicine
- Technology for small and medium-sized enterprises
- Education
- Energy

The document also presents plans to improve policy coherence in line with international agreements. Priority areas in the “coherence agenda” are international economic relations, global climate change, and gender equality.

An Austrian Development Bank, designed to provide private sector financing for projects in developing countries that meet “developmental criteria” will begin operation in 2008.

*Austrian Action Plan on Aid Effectiveness 2006-2010/11: Review on Implementation of Paris Declaration Commitments* (BMEIA, 2008)

The Action Plan evaluates the Austrian Development Agency’s (ADA) implementation of the Paris Declaration, while noting that the ADA distributes less than 15% of Austria’s ODA. The document makes several recommendations including:

- Increase programme aid while decreasing the funding of small projects
- Increase budget support in main partner countries
- Enhance partner country leadership and ownership capacity
- Decentralize ADA authority

*Federal Development Cooperation Act (2002) and Amendment (2003)* (Government of Austria, 2003)

This document sets out the legal framework, terms, and principles of Austrian development cooperation. The amendment to the Development Cooperation Act in 2003 established the Austrian Development Agency (ADA).

**3) RECIPIENT COUNTRIES AND ALLOCATION CRITERIA****3.1. Recipient Countries**

Top ten countries	% of total ODA gross disbursements	% of bilateral ODA gross disbursements	US\$m
Iraq	34.5%	44.5%	521
Cameroon	15.0%	19.3%	226
Serbia	3.0%	3.8%	45
Madagascar	1.9%	2.4%	28
Bosnia-Herzegovina	1.9%	2.4%	28
Turkey	1.5%	1.9%	22
Egypt	1.3%	1.7%	20
Ethiopia	0.9%	1.1%	13
Uganda	0.7%	0.9%	11
China	0.7%	0.9%	10

Source: OECD/DAC, 2006 data.

\*Austrian Development Cooperation's (ADC) Priority Countries

The top ten recipients listed above received 72.8% of bilateral ODA in 2005-06.

Distribution among different groups of recipients (% total ODA):

Least Developed Countries	6.9%
Other Low Income Countries	17.5%
Sub-Saharan Africa	22.2%

Source: OECD/DAC, 2006 data.

### 3.2. Allocation Criteria

#### 3.2.1. *Pre-selection criteria*

Austria has no pre-selection criteria for its aid.

#### 3.2.2. *Allocation criteria:*

In principle, priority for allocation is given to Austria's 13 "priority countries": Albania, Bosnia and Herzegovina, Burkina Faso, Bhutan, Cape Verde, Ethiopia, Macedonia, Montenegro, Moldova, Mozambique, Nicaragua, the Palestinian Territories and Uganda.

These have been selected against the following criteria (BMEIA, 2005, p27):

1. Analysis and evaluation of the poverty situation – Austria prioritizes LDCs with low Millennium Development Goals and the UN's Human Development Index status (see e.g. UNDP, 2006).
2. Responsible Governance – Austria seeks to work with governments that have or are strengthening democratic systems, respect human rights and international commitments, take responsibility for development programmes, and have reliable management and administrative capacity.
3. Partnership Criteria – the partner government must be willing to cooperate with Austria and international development partners through structured political dialogue.
4. Synergies of varied complementary interests, coordination, complementarity and coherence – Austria seeks cooperation with governments that have established (or could potentially have) relationships with Austrian businesses, NGOs, or the Austrian state (possibly at different levels).

Many other countries have cooperation programmes with Austria. In addition to its priority countries, Austria also has priority regions. These are: Central America, West Africa/Sahel, East Africa, Southern Africa, Himalayas-Hindu Kush, South Eastern Europe/Western Balkans, and South Caucasus.

Austria intends to deploy future additional resources to a yet-unnamed Sub-Saharan African country (BMEIA, 2007b).

#### 4) AID POLICIES

##### 4.1. Concessionalality

Grant share of bilateral ODA commitments (excluding debt reorganisation)	100%
Grant element of bilateral ODA to LDCs	100%

Source: OECD/DAC, 2006 data.

Austria has a policy of providing only grants to least developed countries.

##### 4.2. Types of Assistance

Breakdown of different types of ODA (disbursements):

	US\$m	% of gross bilateral ODA disbursements [denominator gross disbursements]
Stand-alone technical cooperation	160.9	14.6%
General budget support	-	-
Sectoral projects and programmes (including some technical cooperation)	233.8	21.2%
Action related to debt	761.0	69.0%
Developmental food aid	0.9	0.1%
Other commodity assistance	-	-
Emergency and distress	9.5	0.9%

Source: OECD/DAC, 2006 data.

Note: The breakdown into different types of assistance shown in the table is taken from different OECD/DAC data sources. As such, the final column does not add to 100%.

As of 2008, Austria will begin to provide direct Budget Support to Mozambique, and intends to try budget support through pilot programmes in other regions. Austria also supports SWAPs in several partner countries, and plans also to increase programme-based aid through this channel (see BMEIA and ADA (2005, p3) and DAC (2004, p65). Nevertheless, it does not yet represent a high proportion of Austrian aid, so the top score given by HIPC's for the percentage of Austrian aid delivered as budget support is 33% in Mozambique. As for Paris indicator 9, which measures the percentage of ODA a donor delivers through Program Based Arrangements (PBAs), Austria has reported its best practice in Cape Verde (66%), Uganda (63%) and Moldova (50%).

As can be seen from the table above, a very high proportion of Austria's aid comes as either technical assistance (TA) or debt relief. Paris indicator 4, which measures the percentage of a donor's TA that is well aligned with partner countries' priorities, indicates best practice in Ethiopia (75%) and Kosovo (75%) followed by Cape Verde (52%).

### 4.3. Channels of Assistance

Austria allocates approximately 27% of its ODA via multilateral organisations, of which 58% goes to the EC, 7% goes to UN agencies and 24% to the World Bank Group (Source: OECD/DAC, 2006 data).

A large share of Austrian ODA is managed by NGOs and the private sector. In 2005 NGOs implemented 44.5% of Austrian ODA and the private sector implemented 17.64%. In countries where Austria is primarily involved with civil society organizations, these groups may even play a prominent role in drafting the country strategy and the government may not always be fully involved (DAC, 2004, p60-61). However, the Paris declaration action plan shows Austria to be committed “*to alignment by making partners’ indicative programmes and national systems the basis of its programming*” (BMEIA and ADA, 2005, p3). Further, the government within partner countries implemented 9.1% and NGOs in partner countries implemented 3.7%. The remaining 25.0% of Austrian Development Cooperation resources was managed by international organizations (ADA, 2006).

As a member of the EU, Austria signed up commitments in Paris in 2005 to channel 50% of government-to-government assistance through country systems, which is one reason for the growing focus on budget support and SWAps. According to HPCs, best practice for delivering Austrian aid on-budget can be found in Ethiopia, which indicates that almost all Austrian ODA is provided through the budget.

### 4.4. Sectors and Projects

Sector	% of bilateral ODA (commitments)
Social and Administrative Infrastructure	19.8%
Of which: Education	9.8%
Health	1.7%
Population	0.4%
Water supply and sanitation	1.9%
Government and civil society	5.3%
Economic Infrastructure	1.4%
Of which: Transport and communications	0.2%
Energy	0.8%
Production	1.6%
Of which: Agriculture	0.9%
Industry, mining, construction	0.4%
Trade and tourism	0.4%
Multi-sector	2.0%
Programme Assistance	0.1%
Action relating to debt	67.0%
Emergency aid	1.2%
Administrative expenses	2.9%
Unspecified	4.0%

Source: OECD/DAC, 2006 data.

As of 2006, the highest sectoral proportion of Austrian aid went to education. The priority sectors, as outlined in the current Three-Year Programme, are water and sanitation, rural development, energy, education, private sector development and good governance. Austria is particularly interested in increasing efforts in the area of private sector development (BMEIA, 2007b). It is difficult to say how well Austria’s aid programmes are aligned to partner countries’ sectoral priorities. Austria is taking

the alignment agenda seriously, as can be seen from its Paris action plan (as shown in section 4.3), but at this stage it is too soon to tell whether implementation is satisfactory.

HIPCs indicate that Austrian aid is not always well aligned with partner countries' priority sectors, except in Mozambique and Ethiopia.

#### **4.5. Flexibility**

Austria's very limited use of budget support gives it only limited flexibility to help partner countries that are hit by negative external shocks. However, Austria can increase country or project budgets in mid-course (i.e. midway through its standard three year programming cycle) in line with the overall real growth of its ODA. HIPCs indicate that Austrian ODA is not very flexible, with best practice in Ethiopia, Mozambique and Uganda, which indicate 10-20% of aid is flexible.

#### **4.6. Predictability**

The programming cycle usually covers three years, though Austria does not have a strict set of general guidelines for operations within partner countries and this may vary (DAC, 2004, p60). However, the financial resources specified in these 3-year programmes are often only indicative and can be changed depending on the federal budget situation in Austria. Best practice according to Paris indicator 7, which measures the ratio of disbursements recorded by Government compared to aid disbursements scheduled by the donor, can be found in Cape Verde (85%). As for analysis by HIPCs, Ethiopia and Uganda indicate that all Austrian aid is part of a multi-year financing framework, and Ethiopia, Nicaragua and Uganda indicate that more than 50% of aid is disbursed in the intended fiscal year).

#### **4.7. Conditionality**

As Austria does not engage in budget support, it does not insist on macro-economic conditions. However, it does engage in sectoral dialogue and conditionality during the negotiation of SWAs. It also places a strong emphasis on good governance and human rights in its allocations and disbursements (see section 3.2).

According to HIPCs, conditionality is not excessively strict, with Ethiopia, Nicaragua and Uganda all indicating that conditionalities are time-consuming to comply with, but do not delay disbursements by more than 3-6 months.

#### **4.8. Policy Dialogue**

Due to its lack of involvement with budget support programmes, Austria has not until recently played a significant role in the macro-economic policy dialogue in its partner countries. It does play a significant role in sectoral dialogues though, through SWAp-type arrangements, and is concerned to become more involved in macro dialogue with budget support provision.

HIPCs indicate that Austria is moderately engaged in (especially sectoral) policy dialogue at the local level, in Ethiopia and Uganda. They also find that disbursements are often linked to decisions by other donors and the BWIs on SWAp disbursements, though Uganda notes more independence due to Austria's sectoral prominence.

## 5) AID PROCEDURES

### 5.1 Conditions Precedent

Austrian programming begins with the agreement of a bilateral Indicative Cooperation Programme, on which is then based an annual General Cooperation Agreement. Most Austrian projects and programmes become effective in principle when the project agreement is signed. However, many Austrian projects have parallel project implementation units (EC, 2006, p55), specific requirements for recruitment of PIU managers, and separate bank accounts. Paris indicator 6 indicates Austria still makes quite a lot of use of PIUs, with 32 PIUs reported in 10 countries. Best practice can be found in Moldova and Uganda which report respectively 0 and 1 PIUs. Austria's Paris implementation plan gives no indications of moves/targets to reduce the number of PIUs.

HIPCs also indicate that relatively few counterpart funds are demanded (none in Ghana), and that relatively few legal or procedural conditions precedent are needed (for example in Ghana and Nicaragua).

### 5.2 Disbursement Methods

HIPCs indicate considerable variation in Austrian disbursement methods, with best practice found in Ethiopia, where around 2/3 of Austrian aid is disbursed as cash-in-advance to the Government. Delays linked to disbursement methods vary with the methods, but are kept to a minimum in Ethiopia and Ghana. Further information on Austrian policy on disbursement methods is still being assembled

### 5.3 Disbursement Procedures

The degree to which Austria uses national disbursement procedures also varies considerably. This is evident from the varying degree of use of local Public Financial Management (PFM) systems (Paris indicator 5a), where best practice is in Uganda (74%) and Nicaragua (67%). HIPCs also indicate varying numbers of additional Austria-demanded disbursement procedures, though the least occur in Nicaragua. Further information on Austrian disbursement procedures is still being assembled

### 5.4 Procurement Procedures

The OECD/DAC reports that in 2006, 10.5% of Austrian bilateral ODA (excluding TA) was tied. In the EU Atlas, Austria self-reports a 'low' degree of tying in technical cooperation projects and food aid programmes, and a 'very low' degree of tying in all other areas (EC, 2006, p55). However, the most recent DAC Peer Review notes that NGOs and other local actors are frequently 'hand picked' to ensure local knowledge and expertise at the expense of transparency (DAC, 2004, p63). HIPCs also find Austrian bilateral aid relatively tied, though less so in Nicaragua.

As for the use of local procurement systems (Paris indicator 5b), best practice is in Nicaragua (100%). HIPCs indicate disbursement delays related to procurement issues are relatively long, though shorter (less than 6 months) in Ghana and Nicaragua.

### 5.5 Coordination and Alignment

Austria endorsed the Paris Declaration in 2005 and signed up to the EU Action Plan on Harmonisation in November 2004. It has published its own action plan for the implementation of the Paris Declaration in 2005 (BMEIA and ADA, 2005). As a

member of the EU, Austria committed in 2005 in Paris to reduce the number of uncoordinated missions by 50%. However Paris indicator 10a of the 2008 Paris Survey shows that Austria has no joint mission in the surveyed countries.. As for joint analytical work (Paris indicator 10b), best practice can be found in Cape Verde and Mozambique (all work done jointly with donors). Even though the Austrian action plan to implement the Paris declaration is promising, it is hard to evaluate progress on harmonisation. Austria has for example no entries on [www.aidharmonization.org](http://www.aidharmonization.org) which gathers information on donor harmonisation practices.

**Key Sources Consulted** (*All internet sources were accessed in October 2008*)

ADA (2006) “Implementation Structure of bilateral ADC”, accessed at [www.ada.gv.at/up-media/2447\\_implementation\\_structure.pdf](http://www.ada.gv.at/up-media/2447_implementation_structure.pdf)

ADA (2007) “Austria’s Official Development Assistance (ODA) 2006”, accessed at [www.ada.gv.at/view.php3?f\\_id=9624&LNG=en&version=](http://www.ada.gv.at/view.php3?f_id=9624&LNG=en&version=)

BMEIA and ADA (2005) “Austrian Development Cooperation – Action Plan with regard to the Paris Declaration on Aid Effectiveness”, accessed at [www.oecd.org/dataoecd/21/32/36867957.pdf](http://www.oecd.org/dataoecd/21/32/36867957.pdf)

BMEIA (2005) “Three-Year Programme on Austrian Development Policy 2005-2007 – Revised Version 2005”, accessed at [www.bmeia.gv.at/upmedia/2204\\_3\\_year\\_programme2005\\_07.pdf](http://www.bmeia.gv.at/upmedia/2204_3_year_programme2005_07.pdf)

BMEIA (2007a) “Sources of funding for Austrian ODA 2006”, accessed at [http://www.bmeia.gv.at/fileadmin/user\\_upload/bmeia/media/2-Aussenpolitik\\_Zentrale/EZA\\_englisch/4499\\_sources\\_of\\_funding.pdf](http://www.bmeia.gv.at/fileadmin/user_upload/bmeia/media/2-Aussenpolitik_Zentrale/EZA_englisch/4499_sources_of_funding.pdf)

BMEIA (2007b) “Three-Year Programme on Austrian Development Policy 2007-2009 – Revised version 2007”, accessed at <http://www.entwicklung.at/en/service/publikationen/programme.html>

BMEIA (2008) “Austrian Action Plan on Aid Effectiveness 2006-2010/11: Review on Implementation of Paris Declaration Commitments”, accessed at <http://www.entwicklung.at/en/service/publikationen/programme.html>

BMF (2007) “Bundesfinanzgesetz 2007 – Beilage Entwicklungszusammenarbeit”, accessed at <https://www.bmf.gv.at/budget/budgets/2007/beilagen/Entwicklungszusammenarbeit.pdf>

DAC (2004) “Austria – Development Assistance Committee Peer Review”, accessed at [www.oecd.org/dataoecd/41/14/34225768.pdf](http://www.oecd.org/dataoecd/41/14/34225768.pdf)

DAC (2006) “Simulation of DAC Members’ Net ODA Volumes in 2006 and 2010” accessed at

[http://www.oilis.oecd.org/oilis/2006doc.nsf/ENGDATCORPLOOK/NT0000748E/\\$FILE/JT03219530.PDF](http://www.oilis.oecd.org/oilis/2006doc.nsf/ENGDATCORPLOOK/NT0000748E/$FILE/JT03219530.PDF)

DAC (2008) “Survey on Monitoring the Paris Declaration, OECD Development Assistance Committee, accessed at:  
<http://www.oecd.org/dataoecd/58/41/41202121.pdf>

EC (2006) “EU Donor Atlas”, accessed at  
[http://ec.europa.eu/development/body/publications/descript/pub7\\_29\\_en.cfm](http://ec.europa.eu/development/body/publications/descript/pub7_29_en.cfm)

Government of Austria (2003) “Federal Act on Development Cooperation (2002), including its Amendment (2003)”, accessed at [www.bmeia.gv.at/up-media/269\\_joint\\_act.pdf](http://www.bmeia.gv.at/up-media/269_joint_act.pdf)

UNDP (2006) “Human Development Report 2006 – Statistics in the Human Development Report”, accessed at <http://hdr.undp.org/hdr2006/statistics/>

This document was created with Win2PDF available at <http://www.win2pdf.com>.  
The unregistered version of Win2PDF is for evaluation or non-commercial use only.  
This page will not be added after purchasing Win2PDF.