

# Development Co-operation Review

## GREECE

Development Assistance Committee



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

## ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

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- to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development; and
- to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.

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*In order to achieve its aims the OECD has set up a number of specialised committees. One of these is the Development Assistance Committee, whose Members have agreed to secure an expansion of aggregate volume of resources made available to developing countries and to improve their effectiveness. To this end, Members periodically review together both the amount and the nature of their contributions to aid programmes, bilateral and multilateral, and consult each other on all other relevant aspects of their development assistance policies.*

*The Members of the Development Assistance Committee are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States and the Commission of the European Communities.*

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## **FOREWORD**

The Development Assistance Committee (DAC) conducts periodic reviews to improve the individual and collective development co-operation efforts of DAC Members. The policies and efforts of individual Members are critically examined approximately once every four years. Five or six programmes are examined annually.

The Peer Review is prepared by a team, consisting of representatives of the Secretariat working with officials from two DAC Members who are designated as examiners. The country under review provides a memorandum setting out the main developments in its policies and programmes. Then the Secretariat and the examiners visit the capital to interview officials, parliamentarians, as well as civil society and NGO representatives of the donor country to obtain a first-hand insight into current issues surrounding the development co-operation efforts of the Member concerned. Field visits assess how Members are implementing the major DAC policies, principles and concerns, and review operations in recipient countries, particularly with regard to poverty reduction, sustainability, gender equality and other aspects of participatory development, and local aid co-ordination.

The Secretariat then prepares a draft report on the Member's development co-operation which is the basis for the DAC review meeting at the OECD. At this meeting senior officials from the Member under review respond to questions posed by DAC Members led by the examiners. These questions are formulated by the Secretariat in association with the examiners. The main discussion points and operational policy recommendations emerging from the review meeting are set out in the Main Findings and Recommendations section of the publication.

This publication contains the Main Findings and Recommendations as agreed by the Development Assistance Committee following its review on 12 March 2002 at the OECD, and the report prepared by the Secretariat in association with the examiners, representing Finland and Spain, on the development co-operation policies and efforts of Greece. The report is published on the authority of the Secretary-General of the OECD.

Jean-Claude Faure  
DAC Chairman

## ACRONYMS

DAC	Development Assistance Committee
EBRD	European Bank for Reconstruction and Development
FAO	Food and Agriculture Organisation
FYROM	Former Yugoslav Republic of Macedonia
GDP	Gross Domestic Product
GEF	Global Environment Facility
GNI	Gross national income
HIPCs	Heavily-Indebted Poor Countries
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
NATO	North Atlantic Treaty Organisation
NGO	Non-governmental organisation
ODA	Official development assistance
OSCE	Organisation for Security and Co-operation in Europe
PRSPs	Poverty Reduction Strategy Papers
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children Fund
UNIDO	United Nations Industrial Development Programme
WFP	World Food Programme
WTO	World Trade Organisation

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**Signs used:**

EUR	Euro
GRD	Drachma
SDR	Special drawing right
USD	United States dollar
( )	Secretariat estimate in whole or part
-	Nil
0.0	Negligible
..	Not available
...	Not available separately but included in total
n.a.	Not applicable
P	Provisional

Slight discrepancies in totals are due to rounding

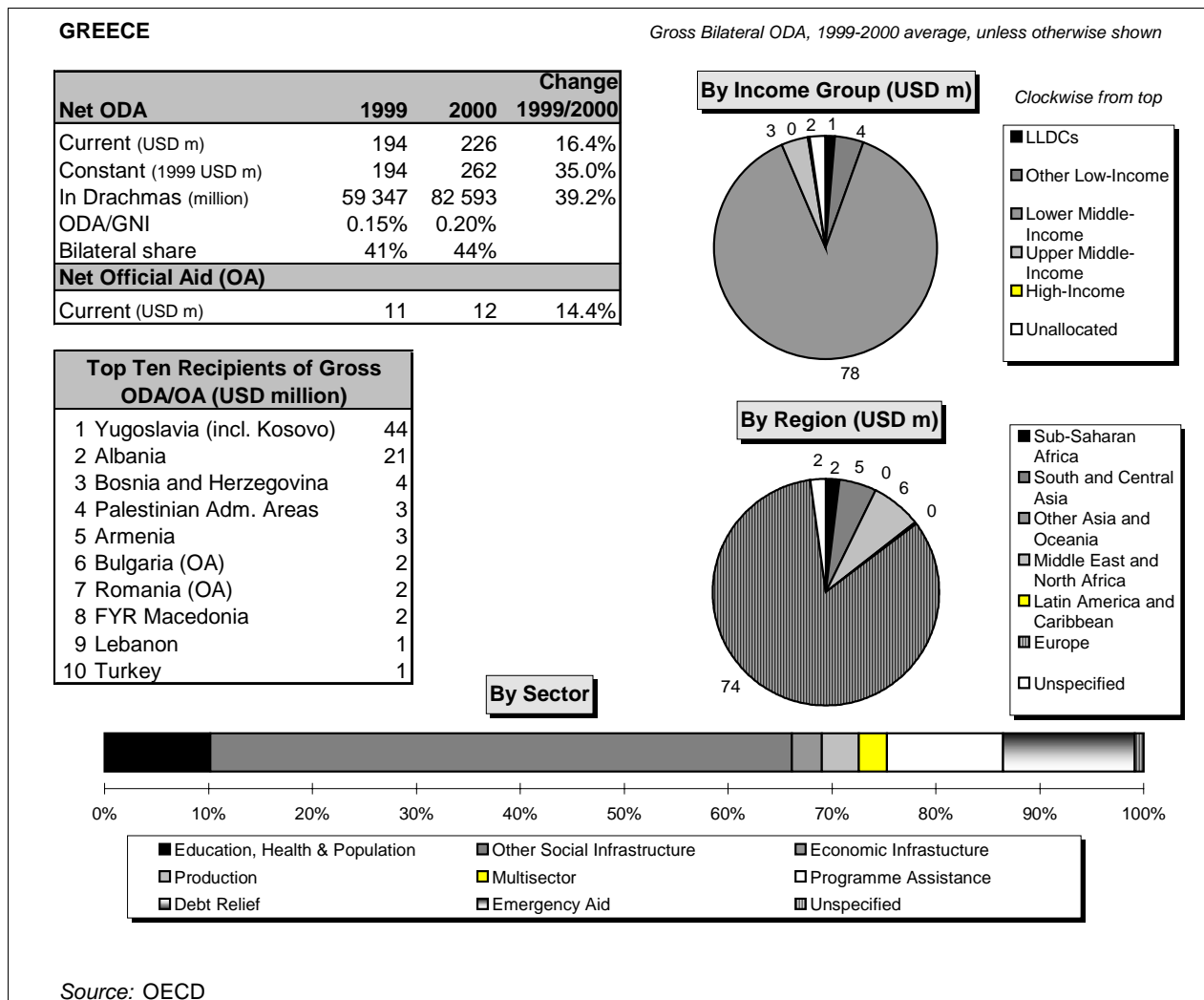
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Exchange rates (GRD per USD):

<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
240.6590	272.9467	295.2708	305.6926	365.4544	380.4920

Since 1 January 2001, 340.75 GRD = 1 EUR.

### Greece's aid at a glance



Source: OECD

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## DAC'S MAIN FINDINGS AND RECOMMENDATIONS

### The context for Greece's development co-operation

As a result of its geographic location, Greece's own security and welfare is closely linked to stability and economic prosperity in developing and transition countries in the Balkans, the Black Sea area and the eastern Mediterranean. As a developed and stable country in these complicated multicultural regions, Greece responds to development challenges in its neighbourhood. Greece also perceives it has a significant comparative advantage here, due to shared history and cultural interaction, a high degree of mutual understanding, good political and trade linkages and its own recent development experience.

Encouraging democratic practices and sustainable economic development in surrounding regions is consequently in Greece's national interest and the main strategic orientation of the official Greek aid programme. Greece provides targeted support to regional initiatives consistent with this orientation, such as the Stability Pact for South-Eastern Europe (a Greek official currently chairs Working Table I on Democratisation and Human Rights). More than four-fifths of Greece's bilateral official development assistance (ODA) is provided to developing countries in south-eastern Europe.

Greece was a substantial recipient of ODA until the 1980s. Following its accession to the European Community in 1981, Greece's multilateral assistance grew in the form of its *pro rata* share of the community's budget for development programmes implemented by the European Commission. Greece is a committed multilateralist and a member of numerous multilateral institutions. In August 1996, and with Membership of the OECD's Development Assistance Committee (DAC) in view, the Greek government decided to launch a five-year programme to develop a substantive bilateral aid programme, committing USD 400 million for this purpose over the period 1997 to 2001. This decision is notable as it coincided with the period during which Greece was pursuing tight macro-economic policies in order to meet the conditions for joining the Euro zone.

### Greece joins the Development Assistance Committee

The DAC welcomed Greece as its 23<sup>rd</sup> Member in December 1999. This event foreshadowed more substantial participation by Greece in co-ordinated international efforts aimed at reducing global poverty and achieving the millennium development goals. Since 1996, Greece's net bilateral ODA disbursements have quadrupled, from USD 27 million to USD 99 million. In 2000, Greece's total net ODA disbursements were USD 226 million, or 0.20% of its gross national income (GNI), almost reaching the DAC average of 0.22% (but below the DAC average country effort of 0.39%).

This first review by the DAC of Greece's development co-operation policies and programmes is timely because it coincides with a change in ministry responsibilities for development co-operation announced on 23 October 2001 and takes place as a new five-year programme for 2002 to 2006 is being prepared.

### Achievements during Greece's first five-year programme: 1997 to 2001

Greece has clearly made a good start in building up its aid programme, guided by the government's Medium-Term Five-Year Programme of Development Co-operation. Achievements include:

- a) Passing Law 2731 of 5 July 1999 which provided the necessary legal basis and expanded to 13 the number of ministries/agencies able to implement development co-operation activities.
- b) Mobilising several committees to manage specific aspects of the bilateral aid programme:
  - Assigning responsibility for planning and overall strategy to the *Interministerial Committee for the Co-ordination of International Economic Relations*, an existing cabinet-level committee responsible for Greece's external economic and trade relations.
  - Creating the *Monitoring and Administrative Committee of the Development Co-operation Programme of Greece*, with representatives at official level from each implementing ministry/agency and responsibilities mainly related to managing disbursement of the bilateral aid budget.
  - Establishing the *National Advisory Committee on Non-Governmental Organisations (NGOs)*, to formulate and recommend policies related to development NGOs and address implementation issues of a systemic nature.
- c) Setting up a directorate within the Ministry of National Economy to co-ordinate the Greek bilateral aid programme and provide the secretariat for the Interministerial Committee and the Monitoring and Administrative Committee.
- d) Establishing a general directorate within the Ministry of Foreign Affairs (known as "Hellenic Aid") responsible for co-ordinating, supervising and promoting development projects, humanitarian assistance and development education activities implemented by Greek NGOs.
- e) Publishing annual reports to Parliament on Greece's development co-operation, a guide to the Greek aid programme for the general public and a handbook for Greek NGOs and other civil society institutions seeking official cofinancing for development activities.
- f) Bringing into the aid programme an impressive number of Greek ministries, universities, consultants, businesses and NGOs with substantial interest and experience in working in the Balkans, the Black Sea area and the eastern Mediterranean.
- g) Putting in place an NGO cofinancing scheme consistent with international good practices and registering more than 150 Greek NGOs that then become eligible for receiving cofinancing from Hellenic Aid.
- h) Developing the *Hellenic Plan for the Economic Reconstruction of the Balkans* [provisional budget: EUR 550 million (approximately USD 507 million)] and a Strategic Plan for Hellenic Aid, both of which are intended to be integral parts of the new five-year programme.

A field visit to Albania to prepare for this review found that Greece has played a special role in supporting Albania's development. In particular, Greece offered a GRD 20 billion (approximately USD 73 million) support package in 1997, to help Albania through the difficult period provoked by the collapse of "pyramid" investment schemes.

These achievements provide a solid basis for developing and expanding Greece's development co-operation further. A strong feature of Greece's bilateral aid has been the range of skilled and committed actors pro-actively engaged in a variety of activities in surrounding regions. These activities demonstrate the profound interest that Greeks have in fostering development in their neighbourhood. They contribute to establishing the pre-conditions for greater stability by building local capacity, promoting the emergence of civil society institutions and supporting networks across borders that foster inter-regional co-operation and integration. Nevertheless, funding for these activities has been small and for limited duration. There is significant room for Greece to build on and expand these longer-term development activities because many have been "crowded out" in recent years due to emergencies in the Balkans.

Dramatic events since 1997 in Albania, Bosnia, Kosovo and the Former Yugoslav Republic of Macedonia (FYROM) have resulted in a substantial increase in Greece's emergency relief and humanitarian assistance for the Balkans, implemented mostly by the Ministry of National Defence. Since 1998, more than USD 100 million from Greece's bilateral aid budget has been used to fund development activities by the Hellenic Armed Forces within multinational forces in Albania, Bosnia and Kosovo. This situation is explained by the urgent needs in Greece's region and the ready availability of professionally trained and equipped units within the Greek army to carry out necessary operations. Nonetheless, the involvement of a national army to such an extent in a development co-operation programme is unprecedented in the DAC. Now that these emergencies have receded, Greece should establish a clear priority for longer-term development activities targeting basic sources of poverty and implemented in accordance with international good practices for development co-operation.

Greece set itself the objective during its first five-year programme of increasing its bilateral aid substantially so that its total bilateral and multilateral aid to both developing and transition countries would reach 0.20% of GNI by 2001. While the total aid/GNI objective was reached one year early, this was only possible because of crises in the Balkans and the response by the Hellenic Armed Forces. It remains to be established that Greece's other implementing ministries/agencies have the capacity to absorb additional bilateral assistance of around USD 50 million per year and transform it into effective longer-term development activities. Doing so will require active planning for a rapid and major scaling up of some development activities, backed up by steps to ensure aid quality and effectiveness is maintained.

### **Taking Greece's development co-operation forward**

#### ***Broad goals and operationalising principles***

A variety of overlapping goals, principles and objectives have underpinned Greece's development co-operation. In the context of the current changes to consolidate Greece's aid system, there would be value in Greece preparing an overall statement of the broad goals of its development co-operation and elaborating a set of subsidiary objectives that complement each other and collectively contribute towards achieving its development goals. As evidenced in Greece's neighbouring countries, peace and security are vital for poverty reduction. In turn, the poverty reduction dimension in building peace and stability could be given more prominence because peace and security in neighbouring countries cannot be accomplished as long as some people are living in extreme poverty and are excluded from the political and economic mainstream. Greece should also adapt the policies and principles of the international development community to its own context and operationalise them in its own policy framework, management principles and daily operations. To support decision-making and budget allocations, an assessment framework could be developed that assists Greece determine the extent to which individual activities contribute towards achieving its broad goals.

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### *Aid volume*

Greece's objective during its second five-year programme is to maintain a total aid/GNI ratio of 0.20%. With its dynamic economy, this implies steady increases in the volume of Greek development assistance. Greece should consider setting a new ODA/GNI target and continue raising progressively its ODA/GNI ratio, in the context of discussions in the European Union and at international fora.

### *Poverty reduction, gender and the environment*

The Ministries of Agriculture, of the Environment, Physical Planning and Public Works and of National Economy have prepared a manual setting out Greece's approach to poverty reduction, gender equality and the environment. The challenge now is to operationalise this policy throughout all parts of the Greek aid system. Given the priority areas for the *Hellenic Plan for the Economic Reconstruction of the Balkans* - i.e. social infrastructure, economic infrastructure and productive sectors - Greece will need to carry out environmental impact assessments to identify and minimise potential environmental damage from activities funded. Care also needs to be taken to ensure that these activities are fully integrated with other parts of the Greek aid programme and that development co-operation objectives and practices - such as maximising poverty reduction impact and mainstreaming gender concerns - guide activities supported.

### *Organisational issues*

Greece's international economic relations functions are being transferred from the Ministry of National Economy to the Ministry of Foreign Affairs. This process presents Greece with the opportunity to ensure its organisational structure enables it to achieve efficiently and effectively the broad goals and objectives of its aid programme, and to differentiate more clearly activities focussed on achieving development impacts from other actions that promote Greek business abroad. A pertinent issue is whether international trade relations and development co-operation should remain within the same organisational structure. Greece should consider forming a strong central organisational structure for development co-operation with broad responsibilities across its bilateral and multilateral aid for development policy, planning, programming and evaluation. Establishing integrated country desks in Athens, to take responsibility for the full range of Greece's diplomatic, economic and development relations with main partner countries, is another reform Greece should explore. Decisions on new organisational structures should seek to maintain and enhance the competencies developed within both ministries during the first five-year programme. Nonetheless, the potential difficulties associated with merging staff from different organisational cultures with different employment experiences and expectations should not be underestimated. From a human resources perspective, particular efforts may need to be made to prepare the ground for these changes. Holding some seminars would allow different options and perspectives to be aired and discussed, as well as bring the experience of other donors into deliberations. A law will be required to set out the new administrative arrangements. This law needs to be prepared and promulgated rapidly.

### *Staffing and field representation*

It is important for donors to ensure they have staff with a good understanding and expertise in development co-operation principles and practices, both at headquarters and in the field, and that their aid systems are compatible with the building up of institutional memory and operational expertise. Greece should take the opportunity of the current transfer of its international economic relations functions to build up a core of development co-operation staff who can play a leading role in managing and implementing its aid programme, including during postings to main partner countries. To date, no specialist development co-operation staff has been stationed in main partner countries.

Commercial counsellors/attachés at Greek embassies have thus acted part-time as the main field representatives for the official Greek aid programme. Although this system has provided important local liaison and co-ordination services, it raises concerns about competing and possibly conflicting objectives because these staff's principal role and priority activity is promoting bilateral economic and commercial ties and assisting Greek businesses and investors. Good practice among DAC Members is to strengthen and deepen their field presence so as to be better able to manage pro-actively the challenges and needs of poverty reduction partnerships and promote co-ordination and complementarities within their own aid programme. This is a full-time job. Greece should consequently assign development co-operation staff to embassies in main partner countries and delegate greater decision-making authority to staff in the field.

### ***Country programming***

During the first five-year programme, each of Greece's 13 implementing ministries/agencies received an annual budget allocation which they then managed semi-autonomously, including by negotiating bilateral agreements with each of their main partner countries. This contributed to an aid programme with a diverse range of small and short-term activities. To improve efficiency, Greece intends, during its second five-year programme, to reduce significantly the number of implementing ministries/agencies. This will go some way towards addressing the issue of an overly dispersed aid programme without resolving the underlying cause. Strengthening Greece's country strategy process, through a more integrated and programmatic approach, would enable Greece to make annual budget allocations for main partner countries and in key sectoral areas and then determine which implementing ministries/agencies were best placed to contribute towards achieving objectives set. This may lead to a smaller number of ministries/agencies contributing to individual country or sectoral programmes without necessarily reducing the number of ministries/agencies potentially contributing to the Greek aid programme. Greece's intention for its second five-year programme is to conclude a single "Partnership Framework Agreement" with each partner country to cover all future aid activities. These agreements should be backed up by annual high-level meetings dedicated to development co-operation matters. To ensure these agreements are workable and "owned" within Greece itself, it will be important that implementing ministries/agencies are implicated in the negotiation of agreements and in annual aid consultations.

### ***Support for social services***

Greece's support for basic social services (basic education, basic health, water and sanitation and population programmes) is low by DAC standards. At the same time, more than 800 people from developing and transition countries are currently receiving scholarships to pursue post-graduate studies or specialist medical training in Greece. In order to award tertiary scholarships on a strategic basis geared to building human capacity in key areas for longer-term and sustainable development, it would be timely for Greece to review its support for tertiary scholarships to ensure that this major component of its bilateral programme is an efficient and cost-effective way of sustainably building capacity in partner countries and that it contributes substantially to achieving the broad goals of Greece's development co-operation. To pursue its objective of implementing more projects targeting poverty reduction during its second five-year programme, Greece could make a more explicit link to increasing its support for basic social services.

### ***Streamlining procedures***

There are opportunities to rationalise a number of parallel procedures within the Greek aid system. For example, each implementing ministry/agency has its own procedure for determining activities to support. Greece could adopt a single project selection procedure, perhaps based on the system

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developed by the Ministry of National Economy, to be applied across its aid system. Several Greek ministries implement a tertiary scholarship scheme. Greece could introduce a common policy framework, selection procedures and award conditions, and rationalise the number of schemes.

### *Multilateral assistance*

With the emergence of comprehensive partner country-led strategies for poverty reduction, bilateral and multilateral assistance are becoming more intertwined and complementary. This is resulting in many donors increasing linkages within their aid systems to ensure that objectives pursued through bilateral and multilateral channels are mutually reinforcing and that information and experience gained are shared and discussed. Responsibility for Greece's relations with multilateral organisations is spread across various directorates in different ministries. Greece's multilateral assistance is, to a large extent, managed independently of its bilateral activities. Greece could bring its bilateral and multilateral channels closer together and pursue a more strategic and integrated approach to multilateral assistance. Greece could consider establishing an annual budget for multilateral assistance and elaborating an assessment framework for determining the allocation of funds to multilateral organisations.

### *Monitoring, evaluation and sharing lessons learnt*

Greece has put in place a system for reporting aggregate statistics on official aid flows to the DAC. Reporting on individual aid activities to the DAC's Creditor Reporting System (CRS) should also be a priority because it will improve transparency and information flow throughout all parts of the Greek aid system. The Ministry of National Economy has engaged a consultant to develop a common methodology for managing, monitoring and evaluating projects. Putting monitoring and evaluation systems in place rapidly will be important for increasing the efficiency and effectiveness of the Greek aid programme, and for creating the basic infrastructure to enable learning from successes and failures. An effort needs to be made to develop a culture within the Greek aid system focussed on results as the development impact of activities, not the disbursement of budgeted funds. Greater emphasis can also be given to sharing and discussing lessons learnt, for instance through transparency mechanisms (e.g. websites) that enable implementing ministries/agencies, NGOs and contractors to be better informed about other activities in their sector or within the same partner country.

### *Enhancing policy coherence*

Poverty is a source of dysfunction and disorder in Greece's neighbourhood and Greece is adversely affected by the resulting political instability and the consequent illegal migration and environmental degradation. A commitment by the highest political authorities to ensuring that public policies which impact on economic prospects and poverty reduction in developing countries are coherent is highly appropriate in the Greek context. Greece has structures in place that could be adapted to support a more systematic approach to addressing policy coherence issues, once a high-level commitment to improving policy coherence has been communicated throughout government. The Parliament's Standing Committee on Defence and Foreign Affairs could vet legislation. The Interministerial Committee and the Monitoring and Administrative Committee provide fora, at the political and official levels, for exchanges, consultations and decision making, if their mandates were extended to include co-ordination for policy coherence and the membership of the Interministerial Committee were expanded to include all key ministries for development co-operation.

### ***Development impact and public awareness***

Although apparently high, public support for development assistance mainly focuses on actions in response to emergency situations, natural disasters and conflicts, rather than longer-term development activities. To increase public support, and justify expanding funding, greater efforts should be made to inform Parliamentarians and the public of results achieved and the development impact of activities funded by the Greek aid programme. There is some confusion in Greece about the role and activities of the "DAC". Many NGOs and contractors receiving funding from the official Greek aid programme refer to it as the "DAC programme". To promote a broader sense of ownership of Greece's aid programme, efforts should be made to inform organisations receiving funding and the public that activities are funded by Greek taxpayers and designed to pursue the broad goals set by the Greek Parliament for Greece's development co-operation programme.

### **Recommendations**

The preparation of a new five-year programme for development co-operation provides Greece with the opportunity to build on achievements to date and raise its ambitions for the next phase of expansion. In this context, the DAC recommends that Greece:

- a) Set out an overall statement of the broad goals of its development co-operation, as part of the outcome of the current consolidation process, and develop an assessment framework to support decision-making and budget allocations across the aid system.
- b) Build on and expand progressively longer-term development activities, as emergencies in neighbouring countries recede, and continue raising its ODA/GNI ratio.
- c) Work to operationalise, in priority regions for Greece, the new policy on poverty reduction, gender equality and the environment and carry out environmental impact assessments for activities funded through the *Hellenic Plan for the Economic Reconstruction of the Balkans*.
- d) Take the opportunity of the current transfer of functions to ensure organisational structures promote efficient and effective achievement of development co-operation goals and objectives.
- e) Build up a core of development co-operation staff to manage and implement the aid programme, including during postings to main partner countries.
- f) Adopt a more integrated and programmatic approach to country programming and budgeting, backed up by annual high-level consultations dedicated to development co-operation matters.
- g) Conduct a review of tertiary scholarship schemes and increase support for basic social services.
- h) Investigate opportunities for streamlining procedures, for example in relation to project selection and tertiary scholarship schemes.
- i) Pursue a more strategic and integrated approach to multilateral assistance and work to bring bilateral and multilateral channels closer together.
- j) Commence reporting to the DAC's Creditor Reporting System.
- k) Complete the establishment of monitoring and evaluation systems.

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- l) Make a high-level commitment to policy coherence for poverty reduction as a government-wide objective and adapt existing structures to foster more systematic addressing of policy coherence issues.
- m) Increase efforts to inform Parliamentarians and the public of results achieved and the development impact of activities funded by the official Greek aid programme.



## CHAPTER 1

### OVERALL FRAMEWORK AND NEW ORIENTATIONS

#### The foundations of Greece's development co-operation

##### *Greece's national and regional interests*

Providing development assistance is an important part of Greece's international economic relations and a vital instrument of foreign policy. In 2000, Greece's total net ODA disbursements were USD 226 million, 0.20% of its GNI.

As a result of its geographic location, Greece's own security and welfare is closely linked to stability and economic prosperity in developing and transition countries in the Balkans, the Black Sea area and the eastern Mediterranean. As a developed and stable country in these complicated multicultural regions, Greece responds to development challenges in its neighbourhood.<sup>1</sup> More than four-fifths of Greece's bilateral ODA is provided to developing countries in south-eastern Europe.

Greece also perceives it has a significant comparative advantage in promoting development in surrounding regions, due to shared history and cultural interaction, a high degree of mutual understanding, good political and trade linkages and Greece's own recent development experience. This comparative advantage is manifested by the impressive number of Greek ministries, universities, consultants, businesses and NGOs pro-actively engaged in a variety of activities in neighbouring countries and receiving funding from a range of sources that now includes the official Greek aid programme. These activities contribute to establishing the pre-conditions for greater stability by building local capacity, promoting the emergence of civil society institutions and supporting networks across borders that foster inter-regional co-operation and integration.

Considering that its own security has been strengthened by membership of the European Union and the North Atlantic Treaty Organisation (NATO), Greece is working to enable other south-eastern European countries to benefit from the stabilising influence of membership of these institutions. As a step towards this objective, Greece supports these countries' efforts to conclude Stabilisation and Association Agreements with the European Union and to establish Partnership for Peace relations with NATO. Membership of the European Union would, in addition, enable countries in the Balkans to

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1 . In an interview in January 2002, the Greek prime minister described promoting lasting stability in south-eastern Europe as one of four key priorities for the Greek government in 2002. The prime minister stated that "Greece has a special responsibility towards the peoples and countries of the region to consolidate the principles of peace, international law and co-operation and to advance them in every way.... From our privileged position, we are able to contribute to peace and prosperity in our neighbourhood, and more broadly."

maintain their current national borders while making these borders more permeable. Maintaining current national borders in south-eastern Europe is a fundamental principle guiding Greece's foreign policy.

In recent years, Greece has had to respond to the consequences of a lack of stability and economic prosperity in its neighbourhood. Greece has become a transit and destination country for refugees and illegal migrants. Large numbers of foreign patients have received the free medical treatment available to them in Greece, including people from neighbouring countries travelling to Greece for this purpose. Some of the Greek diaspora have decided it is in their better interest to return to Greece. There are transboundary environmental concerns, including air and water pollution and sustainable management of such shared resources as forests and the marine environment. Organised crime can flourish where governance structures are weak and, once established, activities can affect or spread to neighbouring countries. The Hellenic Armed Forces have been engaged in actions in the Balkans, including by participating in multinational forces under the auspices of NATO and the Organisation for Security and Co-operation in Europe (OSCE).

At the same time, the opening up of trade and investment opportunities in the Balkans and the Black Sea area over the last decade has enabled Greece to expand its economic relations with these regions. This has fuelled Greece's recent strong economic performance. A conservative estimate is that about one fifth of Greece's trade is now with countries in the Balkans. Greek investment now exceeds EUR 4 billion (approximately USD 3.7 billion) in such areas as telecommunications, banking, energy, food processing and retailing. And there is potential for further expansion. Negotiations between Bulgaria, Greece and the Russian Federation continue, aiming at the construction of a 350 kilometre pipeline between the Bulgarian Black Sea port of Burgas and the port of Alexandroupolis in Greece to transport oil from the Caspian Sea to Greece and other European markets. A north-south transeuropean highway linking Saint Petersburg to the Aegean at Alexandroupolis is being studied. Greece has an explicit policy of promoting bilateral economic and commercial ties in these regions, identifying opportunities for Greek investors and assisting Greek businesses.

The complex and multifaceted nature of Greece's bilateral relations with neighbouring countries became apparent during a field visit to Albania to prepare for this review (see Box 1).

Encouraging democratic practices and sustainable economic development in surrounding regions is consequently in Greece's national interest and has become the main strategic orientation of the official Greek aid programme. Greece provides targeted support to regional initiatives consistent with this orientation. Three examples are:

- The Stability Pact for South-Eastern Europe, which aims to enhance international co-operation and facilitate the implementation of projects in the region.<sup>2</sup>
- The South-eastern European Co-operative Initiative, whose objective is to enhance stability by encouraging regional co-operation and transboundary solutions to shared economic and environmental problems.
- Black Sea Economic Co-operation, which seeks to foster security, stability and prosperity within member countries through regional economic co-operation.

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2. In June 2001, a Greek official was appointed chair of the Stability Pact's Working Table I on Democratisation and Human Rights.

### Box 1. Albanian-Greek bilateral relations

Bilateral relations between Albania and Greece have developed rapidly since 1991 when civil up-risings in Albania led to the end of the communist regime and the adoption of a multi-party democratic system. During the communist period, Albania constructed an electrified fence along their 282 kilometre border. Since the end of communism, relations have intensified based on political exchanges, migration, trade and investment and medical and other social services, as well as development co-operation. The existence of an ethnic Greek minority in Albania adds an extra dimension to relations. While the bilateral relationship has had some difficult moments, both countries recognise the importance of promoting harmonious and fruitful co-operation and both sides consider relations are improving steadily, particularly since 1997 when the collapse of "pyramid" investment schemes in Albania created a national emergency to which Greece responded rapidly with an aid package that included immediate budgetary support (see Box 2 for further details).

**Political exchanges:** High-level meetings and consultations occur regularly at presidential, prime ministerial and ministerial levels. Bilateral agreements have been concluded on a wide range of subjects in recent years.

**Migration:** Since the collapse of the communist regime, an estimated 500 000 Albanians have migrated to Greece, mostly illegally. Remittances from abroad represent approximately 20% of Albania's GNI and it is estimated that Albanian migrants in Greece repatriate more than USD 1 million per day. Greece has legalised the vast majority of Albanian migrants and is setting up a system of temporary work permits for Albanians wishing to undertake seasonal work in Greece. Nevertheless, a number of illegal Albanian migrants remain in Greece, with attendant problems of criminality and conditions of detention in some cases.

**Trade and investment:** In 2000, Greece provided 28% of Albania's imports (valued at USD 280 million) and received 15% of Albania's exports (valued at USD 46 million). Greece is reputedly the largest foreign investor in Albania. Approximately 200 Greek companies are operating in Albania, including 30 to 40 large companies in such sectors as banking, telecommunications and tobacco production. Four Greek banks are currently operating in Albania through 13 branches (the number of branches is expected to grow to more than 20 in 2002). These banks are active in transferring remittances from Greece to Albania. Greece has exported electricity to Albania to satisfy demand during the winter. Albanians are also playing an important role in the Greek economy - of the 2 873 businesses created in Greece in 2000 by individuals from other countries, 1 003 were established by Albanians.

**Medical and other social services:** Many Albanians have travelled to Greece for health care. The hospital in Ioannina in northern Greece has in particular received and treated large numbers of Albanians. Albania and Greece are currently finalising a reciprocal social security agreement.

**Greek minority in Albania:** An ethnic Greek minority lives mostly in the south of Albania. Estimates of the current size of Albania's Greek minority vary from 1% to 3% of the population, depending on the source. Estimates of the Greek minority's size in 1989 range from 1% to 12%. This minority reportedly suffered persecution during the communist era and, in recent years, there have been some obstacles to their full integration into Albanian society. Promoting Greek culture and language abroad is a foreign policy objective for Greece and so Greece makes an effort to assist these ethnic Greeks. For example, through its aid programme, Greece has renovated the university library in Gjirokastra in southern Albania. The University of Ioannina recently donated 5 000 books on Greek language and literature to the University of Gjirokastra.

***Membership of the DAC: A turning point for Greece and for its aid programme***

The DAC welcomed Greece as its 23<sup>rd</sup> Member in December 1999. This event foreshadowed more substantial participation by Greece in co-ordinated international efforts aimed at reducing global poverty and achieving the millennium development goals.

Joining the DAC was a significant moment in Greece's own evolution. Greece was a net recipient of ODA from after the Second World War until the 1980s, while it was rebuilding its severely damaged infrastructure, and remained on the DAC List of Aid Recipients until 1995. Following its accession to the European Community in 1981, Greece's multilateral assistance grew in the form of its *pro rata* share of the community's budget for development programmes implemented by the European Commission. In response to the collapse of the centrally planned economies in eastern and central Europe and the escalation of conflicts in the former Yugoslavia, Greece's bilateral aid started to expand during the 1990s and its focus shifted from Africa and the Middle East to the Balkans and the Black Sea area. In August 1996, and with DAC Membership in view, the Greek government decided to launch a five-year programme to develop a more substantive bilateral aid programme, committing USD 400.6 million for this purpose over the period 1997 to 2001. This decision is notable as it coincided with the period during which Greece was pursuing tight macro-economic policies in order to meet the conditions for joining the Euro zone.

Dramatic events since 1997 in Albania, Bosnia, Kosovo and FYROM have further sharpened the Greek aid programme's focus on the Balkans because of assistance provided in response to emergencies in these countries. A consequence was the redirection of aid allocations away from a variety of longer-term development projects towards emergency relief and humanitarian assistance, implemented mostly by the Ministry of National Defence. Since 1998, more than USD 100 million from Greece's bilateral aid budget has been used to fund development activities carried out by the Hellenic Armed Forces within multinational forces in Albania, Bosnia and Kosovo.<sup>3</sup> These activities included repairing roads, bridges and public buildings, constructing camps for Kosovar refugees and transporting and distributing humanitarian assistance. In 2000, the costs of these activities reached USD 47 million, 47% of Greece's bilateral ODA.

The involvement of a national army to such an extent in a development co-operation programme is unprecedented in the DAC. Twelve DAC Member countries notified costs associated with post-conflict peace-building operations in their ODA in 1999 or 2000, with Greece reporting the largest amounts. In the case of Greece, this situation is explained by the urgent needs in Greece's region and the ready availability of professionally trained and equipped units within its armed forces to carry out necessary operations. Now that the emergencies in neighbouring countries have receded, the Hellenic Armed Forces' involvement in delivering Greece's development co-operation programme can be expected to diminish substantially. This will allow Greece to establish a clear priority for longer-term development activities targeting basic sources of poverty and implemented in accordance with international good practices for development co-operation, including participation in co-ordinated international efforts to support partner country-led strategies for sustainably reducing poverty.

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3 . Some costs of developmentally relevant activities by armed forces carried out within the context of United Nations-administered or United Nations-approved post-conflict peace-building operations may be reported as ODA. However, the enforcement aspects of peace-keeping operations are not reportable as ODA.

Another sign of Greece's sharpened focus on the Balkans is the preparation of the *Hellenic Plan for the Economic Reconstruction of the Balkans*. The plan has a provisional budget of EUR 550 million (approximately USD 507 million). It aims both to respond to the immediate needs in countries affected by the war in the Federal Republic of Yugoslavia and promote the longer-term integration of south-eastern Europe into the international community. Activities will focus on three sectors in which Greece perceives it has a strong comparative advantage – social infrastructure, economic infrastructure and production sectors. Efforts will be made to involve the Greek private sector, both as an investor and a supplier of goods and services. The plan was originally developed with the active participation of the Greek private sector but was subsequently extended to include involvement by civil society and a fourth priority sector was added – institution building and vocational training. The plan forms the core of the new five-year programme for Greece's bilateral development co-operation for the period 2002 to 2006.

New administrative arrangements will be put in place for the second five-year programme because the government decided, in October 2001, to transfer certain international economic relations functions from the Ministry of National Economy to the Ministry of Foreign Affairs. The Ministry of National Economy co-ordinated Greece's first five-year programme which consisted of semi-autonomous bilateral programmes implemented by 13 government ministries/agencies. Many of these programmes targeted the same main partner countries and supported activities in the same or complementary areas. The Ministry of Foreign Affairs was one implementing ministry, with prime responsibility for cofinancing activities with NGOs.<sup>4</sup>

The government's decision will consequently result in organisational changes in Athens as well as in partner countries, where staff in the Economic and Commercial Sections of Greek embassies have also acted part-time as the main field representatives for the official Greek aid programme. Changing administrative arrangements presents Greece with the opportunity to ensure its organisational structure and staff capacities enable it to achieve efficiently and effectively the broad goals and objectives of its aid programme, while differentiating more clearly activities focussed on achieving development impacts from actions that promote Greek business abroad. Under the new institutional arrangements, Greece will be able to maximise synergies and complementarities across the various components of its bilateral and multilateral aid and assign development co-operation staff to embassies in main partner countries.

### **The broad goals of Greece's development co-operation**

Consistent with the development partnership strategy adopted by the DAC in 1996<sup>5</sup>, Greece acknowledges the importance of partnership, local ownership, developing country leadership, broad-based participation, development effectiveness and accountability. Greece recognises that achieving the millennium development goals will require co-ordinated actions by donors. Greece seeks, in particular, to co-ordinate its activities within the European Union context and to ensure that its actions are coherent with and complement those of its European Union partners.

A variety of overlapping goals, principles and objectives have underpinned Greece's development co-operation. Greece's goals generally coincide with and follow the European Community's

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4 . Other main implementing ministries/agencies were: the Ministry of Agriculture; the Ministry of the Environment, Physical Planning and Public Works; the Ministry of Health and Welfare; the Ministry of National Defence; and the Ministry of National Education and Religions.

5 . See *Shaping the 21<sup>st</sup> Century: The Contribution of Development Co-operation*.

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development policy. The community's policy entails support for: sustainable economic, social and environmental development; promotion of the gradual integration of developing countries into the world economy; and a determination to combat inequality. The community's approach is grounded on the principle of sustainable, equitable and participatory human and social development. Promotion of human rights, democracy, the rule of law and good governance are integral parts of this principle.

On other occasions, Greece states that the basic and fundamental principle underpinning its development co-operation is the promotion of economic and social growth in developing countries and improvement in the living conditions of their people. Six specific objectives are spelt out for the Greek aid activities in developing countries: combating starvation and poverty; steady and sustainable economic and social growth, and the integration of developing countries into the world economy; promotion of peace and growth; enhancement of democratic principles, the rule of law and the functioning of societies where human rights are respected; mobilisation and development of human resources, particularly the equitable participation of men and women; and protection of the environment and natural resources.

As regards activities in countries in south-eastern Europe, the fundamental objectives of Greece's development assistance are to increase prosperity and reduce poverty for all people living in the region. Establishing peace, stability and sustainable growth are essential for achieving these objectives. Greece's view is that political and macro-economic stabilisation is imperative and the most important objective in the near to medium-term. To achieve this objective, Greece's activities focus on strengthening political systems by supporting efforts by countries in the Balkans to integrate into European structures and by contributing to the enhancement of regional co-operation.

Within the overall framework of Greek development goals, many implementing ministries/agencies have their own set of specific objectives to guide their development co-operation activities.

While the main strategic orientation and regional focus of the Greek aid programme is sound and should be maintained in the medium-term, there would be value in Greece clarifying the broad goals of its development co-operation and elaborating a set of subsidiary objectives that complement each other and collectively contribute towards achieving those goals. Greece should adapt the policies and principles of the international development community to its own specific context and operationalise them in its own policy framework, management principles and daily operations. To support decision-making and budget allocations, an assessment framework could be developed that assists Greece determine the extent to which individual activities contribute towards achieving its broad goals. In the interim, Greece risks continuing to support a diverse range of small activities. The resulting dispersion can detract from the efficiency and development impact of Greece's aid programme and accentuate difficulties of co-ordination and co-operation across implementing ministries/agencies. A view expressed by partners during the field visit to Albania was that Greece could improve internal co-ordination within its aid system as many activities occur through direct contacts between corresponding line ministries and outside of an overall strategic framework.

### **Implementation of Greece's development co-operation**

Multilateral development assistance is a longer-standing and more substantial component of the official Greek aid programme (the equivalent of approximately 0.10% of GNI) and consists mainly of contributions to the European Community. Greece is a committed multilateralist and a member of many multilateral development institutions.

The target geographic areas for Greece's bilateral activities are: the Balkans; the Black Sea area; the Middle East; the horn of Africa; and central and south Asia. Activities focus on: economic development; social development; support for peace-keeping, human rights and political stability; support for cross-cutting issues (including gender equality and environmental protection); or humanitarian assistance and food aid.

***First five-year programme: 1997 to 2001***

Greece's first Five-Year Programme of Development Co-operation included the following specific objectives:

- Substantially increase the volume of bilateral assistance (ODA and official aid combined) from its level of 0.02% of GNI in 1996 to 0.10% of GNI by 2001. This would imply a ratio of total aid – bilateral and multilateral ODA and official aid – to GNI of 0.20%.
- Significantly increase the volume of development assistance provided for social infrastructure and services (education, health, population programmes, water supply and sanitation, governance and civil society).
- Provide each year 80% of bilateral development assistance as ODA to developing countries and 20% as official aid to transition countries.
- Concentrate a large share of bilateral development assistance (approximately three quarters) on a limited number of main partner countries: Albania, Armenia, Bosnia and Herzegovina, Bulgaria, Georgia, Palestinian Administrated Areas and Ukraine.

Events in the Balkans since 1997 have resulted in some changes to these objectives. The Federal Republic of Yugoslavia was added to the list of main partner countries. An objective was dropped that sought an increase in the share of bilateral aid provided as technical co-operation and financial assistance, and a corresponding decrease in the share provided as emergency assistance.

Greece's first five-year programme was implemented in accordance with the comprehensive legal basis provided by Law 2731 of 5 July 1999. Some key features of the law include:

- Extending the legal framework for development co-operation activities implemented by the Ministry of National Economy to a selection of other government ministries/agencies.
- Assigning responsibility for planning and laying down strategy to the Interministerial Committee for the Co-ordination of International Economic Relations, an existing cabinet-level committee responsible for Greece's external economic and trade relations.
- Creating the Monitoring and Administrative Committee of the Development Co-operation Programme of Greece, with representatives at official level from each implementing ministry/agency and responsibilities mainly related to managing disbursement of the bilateral aid budget.
- Establishing the Directorate for Development Co-operation, Special Finances and Programmes within the Ministry of National Economy with a range of functions including providing the secretariat for the Interministerial Committee and the Monitoring and Administrative Committee and planning, monitoring and evaluating the Greek

bilateral aid programme. The directorate also regrouped the ministry's own bilateral aid activities.

- Creating the Hellenic International Development Co-operation Department (known as "Hellenic Aid"), a general directorate within the Ministry of Foreign Affairs reporting directly to the Minister for Foreign Affairs with responsibility for co-ordinating, supervising and promoting development projects, humanitarian assistance and development education activities implemented by Greek NGOs.

Promulgating Law 2731 helped Greece build up a more substantive bilateral aid programme and provided the necessary legal basis. The two-year delay with promulgating this law was regrettable because it resulted in some implementing ministries/agencies not being able to start their bilateral aid programmes until 1999. The Ministry of the Environment, Physical Planning and Public Works - the only implementing ministry/agency that had prepared a multi-year development co-operation programme - had to revise its initial five-year programme to a three-year programme for 1999 to 2001, and had its budget allocation more than proportionately reduced.

Greece has made good progress towards achieving each specific objective and disbursed USD 318 million of bilateral assistance between 1997 and 2000. The total aid/GNI objective was reached one year early, and included substantial disbursements for activities to meet crises in the Balkans, particularly the participation by the Hellenic Armed Forces in multinational forces in response.<sup>6</sup> Creating the capacity in other implementing ministries/agencies to absorb additional bilateral assistance and transform it into effective longer-term development activities will require active planning for a rapid and major scaling up of some development activities, backed up by steps to ensure aid quality and effectiveness is maintained. This should be done within a framework of co-ordinated country strategies, to promote synergies and co-ordination within the Greek aid system.

While Greece's aid programme is concentrated on a few major partner countries, Greece also has a diverse range of small activities in a larger number of partners (with more than 70 countries receiving tertiary scholarships in 1999-2000). Leaving aside the development assistance implemented by the Ministry of National Defence, Greek ODA is provided in most sectors with only a moderate concentration on social infrastructure and services, a sector that itself covers a wide range of activities. Greece should consequently go further in consolidating its bilateral aid programme by striving to build up a limited number of more substantial country and sector programmes. To guide implementation, there could be value in Greece clarifying priorities within its geographic and sectoral target areas.

The specific objectives of the first five-year programme were also essentially input targets and this has led to attention being paid to fully disbursing budgeted funds. The impact of activities funded and development results achieved should be given greater prominence. To promote a culture that focuses more on development outcomes than on input management, Greece's objective setting in future could adapt a clearer results orientation.

### ***Second five-year programme: 2002 to 2006***

The *Hellenic Plan for the Economic Reconstruction of the Balkans* (2002 to 2006) was initially drawn up in 1999. The draft law to implement the plan is currently being considered by Parliament. In

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6. The ODA-eligible costs of the Hellenic Armed Forces' participation in multinational forces represented ODA/GNI ratios of 0.01% in 1998, 0.02% in 1999 and 0.04% in 2000.



parallel, the plan is being discussed with the partner countries concerned. The main elements of the draft law, as submitted to Parliament in February 2002, are:

- Programmes in five countries: Albania, Bulgaria, FYROM, the Federal Republic of Yugoslavia (with separate plans for Kosovo and the remainder of the country) and Romania.
- Activities to concentrate on four sectors: social infrastructure; economic infrastructure; productive sectors; and institution building and vocational training.
- Involvement by the Greek private sector, both in financing and implementing activities.
- International co-operation.
- Involvement by NGOs

Some key aspects of plans for activities in countries beyond the Balkans and to be funded outside of the *Hellenic Plan for the Economic Reconstruction of the Balkans* are:

- New initiatives in favour of least-developed countries, particularly in sub-Saharan Africa and Afghanistan.
- A smaller number of more substantial projects implemented in sectors in which Greece perceives it has a clear comparative advantage. As with the *Hellenic Plan for Economic Reconstruction of the Balkans*, activities to concentrate on social infrastructure, economic infrastructure and productive sectors.
- More projects targeting poverty reduction.
- Priority, in descending order, to technical co-operation projects, investment projects, other types of project and programme aid.
- Reduce significantly the number of Greek implementing ministries/agencies.

A new law will be required to set out the administrative arrangements to underpin the second five-year programme. For the efficient implementation of Greece's bilateral development co-operation, it is important that this law be prepared and promulgated rapidly.

### **Building public support for international development**

Public support for providing development assistance appears high in Greece, although support mainly focuses on actions in response to emergency situations, natural disasters and conflicts, rather than longer-term development activities. Events in Kosovo and the earthquake in Turkey in 1999, in particular, heightened awareness among Greeks of the potential magnitude of needs in surrounding regions and prompted many people to form associations in order to collect and provide aid in kind (such as blankets, clothes and food).

To help increase the public's awareness of development issues, Hellenic Aid has funded a limited number of development education programmes aimed primarily at youths. Various documents have also been prepared to inform the public about the official Greek aid programme. The Ministry of National Economy published in 2001 an attractive guide that presents the overall Greek aid system. Some implementing ministries/agencies publish information related to their activities. For example, the Ministry of the Environment, Physical Planning and Public Works prepared a bi-annual report on activities in 1999-2000, as well as leaflets providing information on specific activities.

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In addition, since 1999, the Interministerial Committee has submitted an annual report to Parliament on the implementation of Greece's development co-operation programme. These reports form the basis of a debate in Parliament and contribute to raising Parliamentarians' interest in the aid programme. The opposition raised a few questions in Parliament on implementation of the programme in 1999 and 2000.

Preparation of these publications is welcome and encouraged as they raise knowledge and awareness of development issues generally and of Greece's contribution towards addressing those challenges. They also increase the transparency of the official Greek aid programme. However, to increase public support further, and justify expanding funding, greater efforts should be made to inform Parliamentarians and the public of results achieved and the development impact of activities funded by the official aid programme.

Many people and organisations in Greece associated with the official Greek aid programme - including NGOs, consultants, academics and journalists - refer to the official Greek aid programme as the "DAC programme" and to funding available for development activities as "DAC money". This may be because the launch of the official Greek aid programme coincided with Greece joining the DAC and because Law 2731 refers to the DAC and includes excerpts from the DAC Statistical Reporting Directives in appendices. To promote a broader sense of ownership of the official Greek aid programme, efforts should be made to inform people and organisations receiving funding - and beyond them Parliamentarians, the media and the public - that activities are funded by Greek taxpayers and designed to pursue the broad goals set by the Greek Parliament for Greece's development co-operation programme.

Greece has not conducted any public opinion surveys to determine and monitor changes in the nature and level of public support for the official aid programme. Consideration should be given to conducting periodic quantitative and qualitative public opinion surveys as the Greek aid programme develops further.<sup>7</sup>

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7. The European Commission's *Eurobarometer* Survey No. 46, conducted in October and November 1996, found solid support by Greeks for providing development assistance. An estimated 91% of Greeks thought it "important" or "very important" to help people in poor countries develop (European Union average: 81%) and 71% thought their government should increase "a little" or "a lot" the aid it provides (European Union average: 55%). Nevertheless, 21% of Greeks did not know whether their government should increase or decrease the aid it provides (European Union average: 18%).

## CHAPTER 2

### AID VOLUME, CHANNELS AND ALLOCATIONS

#### Overall aid volume

In 2000, Greece's total net development assistance amounted to USD 238 million, USD 226 million in ODA and USD 12 million in official aid. (See Annex 1 for statistical information on the Greek aid programme). As a consequence of its geographic priorities, Greece's bilateral development assistance is provided to both developing countries eligible for ODA (such as Albania, FYROM, Turkey and Palestinian Administered Areas) and transition countries eligible for official aid (such as Bulgaria, Romania and Ukraine). Similarly, multilateral assistance includes contributions to agencies active in both developing and transition countries (such as the European Community and the World Bank).

Greece's ODA/GNI ratio was 0.20% in 2000, almost reaching the DAC average of 0.22% (but below the DAC average country effort of 0.39%). The average ODA/GNI ratio of European Union Member States was 0.32%. Out of the DAC's 22 Member countries, Greece had the 20th largest ODA/GNI ratio in 2000 (ahead of Italy and the United States) and the 20th largest ODA volume (ahead of Luxembourg and New Zealand).

Greece's official aid represented 0.01% of its GNI in 2000, below the DAC average of 0.03%. Among DAC Member countries, Greece had the 17<sup>th</sup> largest official aid/GNI ratio in 2000 and the 16<sup>th</sup> largest official aid volume.

The objective during Greece's second five-year programme is to maintain a total aid/GNI ratio of 0.20%. As further growth is anticipated in the Greek economy<sup>8</sup>, this implies steady increases in the volume of Greek development assistance. Nevertheless, Greece, like other Members of the DAC, has committed itself to mobilising additional resources for reducing poverty and there is scope for Greece to continue raising its ODA/GNI ratio and set a new ODA/GNI target for the second five-year programme.

Greece does not refer explicitly to the United Nations' ODA/GNI target of 0.7% in relation to its own development co-operation but affirms its commitment to the 0.7% target within European Union contexts. At the Gothenburg European Council meeting in June 2001, the European Union reaffirmed its commitment to reaching the United Nations' target for ODA of 0.7% of GNI as soon as possible. The Environment Council meeting in June 2001 recalled that all developed countries should reach, as soon as possible, the agreed United Nations' target to which the European Union and its Member

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8 . According to the OECD *Economic Outlook No. 70*, December 2001, Greece's GDP growth slowed in 2001 as a result of weakening exports, but activity continues to outpace the Euro-area average due to domestic factors. Output growth is set to remain broadly unchanged in 2002 at around 4% and gather momentum in 2003.

States are committed. The Development Council, meeting in November 2001, reaffirmed previous commitments to reach the United Nations' target to which the European Union and its Member States are committed as soon as possible, and to achieve concrete progress before the World Summit on Sustainable Development (scheduled for September 2002). The Development Council invited the European Commission to conduct a dialogue with each Member State on the further steps to be undertaken with a view to reaching the 0.7% ODA/GNI target, including establishing a specific timetable. The European Council meeting in Laeken in December 2001 noted with satisfaction the Development Council's undertaking to examine the means and the timeframe for each Member State's achievement of the United Nations' ODA target of 0.7%.

### **Bilateral aid: policies and allocations**

For Greece, providing development assistance is an important way of demonstrating its willingness to assist other countries meet their development needs.

In 1999-2000, 91% of Greece's bilateral development assistance was provided as ODA to developing countries and 9% as official aid to transition countries. The breakdown of bilateral aid disbursements by the 13 implementing ministries/agencies is shown in Table 1. Between 1998 and 2000, three ministries disbursed more than three-quarters of Greece's bilateral assistance, those of National Defence, National Economy and Foreign Affairs.

The destination of Greece's bilateral ODA shows a strong focus on developing countries in Europe. In 2000, more than four-fifths of Greece's allocable bilateral ODA was directed to developing countries in Europe, as compared to the DAC average of 7%. As a consequence of this geographic focus, Greece's bilateral ODA shows a strong concentration on developing countries with comparatively high levels of *per capita* income - nearly ninth-tenths of Greece's allocable bilateral ODA was provided to lower middle-income countries in 2000 (DAC average: 35%) while only 2% was directed to least-developed countries (DAC average: 26%) and 5% to other low-income countries (DAC average: 33%).

The largest recipients of Greek development assistance in 1999-2000 were the Federal Republic of Yugoslavia (including Kosovo) (two-year average of USD 44 million), Albania (USD 21 million) and Bosnia and Herzegovina (USD 4 million). Greece's eight main partner countries for the first five-year programme received 82% of its bilateral development assistance, in excess of the 75% objective set. However, 45% of Greece's total bilateral assistance was spent in the Federal Republic of Yugoslavia alone, which was not originally designated as a main partner country.

Greece's second five-year programme foresees annual increases of between 20% and 25% in Greek ODA to least-developed countries. Greek ODA to these countries totalled USD 2 million in 2000 and so should progressively increase to approximately USD 5 million by 2006. At the Third United Nations Conference on the Least-developed Countries in Brussels in 2001, Greece confirmed its commitment to work hard to improve the position of least-developed countries in the world economy but pointed out that there is also an urgent need for the governments of these countries to take concrete actions themselves. To achieve their sustainable development goals, these governments should put people at the centre of their policies and strive to create an appropriate domestic enabling environment by improving governance, involving stakeholders and, in the process, taking charge of their own destiny.

Greek development assistance is usually extended as grants. However, following the national emergency that erupted in Albania in 1997 after the collapse of the "pyramid" investment schemes, Greece offered a concessional government-to-government loan of GRD 18 billion (approximately USD 66 million) as part of a GRD 20 billion (approximately USD 73 million) support package (see Box 2).

**Table 1. Breakdown of Greece's bilateral aid disbursements by implementing ministry/agency**

USD million and percentages

<b>Implementing ministry/agency</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>Total</b>	<b>Share of total (%)</b>
Ministry of National Defence	15.86	45.04	49.00	109.90	40.3
Ministry of National Economy	24.00	7.00	23.89	54.89	20.2
Ministry of Foreign Affairs	17.55	12.00	18.72	48.27	17.7
Ministry of Agriculture	2.76	12.12	4.30	19.18	7.0
Ministry of the Environment, Physical Planning and Public Works	-	2.08	5.83	7.91	2.9
Ministry of National Education and Religions	4.09	2.10	1.04	7.23	2.7
Hellenic Organisation for Small and Medium-Sized Enterprises and Handicrafts	2.86	1.90	1.99	6.75	2.5
Ministry of Health and Welfare	1.98	1.52	2.65	6.15	2.3
Ministry of the Interior, Public Administration and Decentralisation	1.42	0.75	0.58	2.75	1.0
Hellenic Foreign Trade Board	1.51	0.65	0.45	2.61	1.0
Manpower Employment Organisation	1.36	1.06	0.11	2.53	0.9
National Tourist Organisation of Greece	0.90	-	0.12	1.02	0.4
Ministry of Merchant Marine	0.16	0.11	0.17	0.44	0.2
Other ministries/agencies	1.87	0.80	0.12	2.79	1.0
<b>Total</b>	<b>76.32</b>	<b>87.13</b>	<b>108.97</b>	<b>272.42</b>	<b>100.0</b>

Source : Ministry of National Economy.

**Box 2. Greece's GRD 20 billion support package to Albania**

Civil unrest erupted on a massive scale in Albania in 1997 when unregulated and fraudulent "pyramid" investment schemes collapsed. Many Albanians had invested their life savings in these schemes, including remittances they had received from abroad. Many Albanians sold their houses and invested the proceeds. The ensuing rioting and looting resulted in an estimated 1 500 deaths and extensive damage to government buildings and facilities. Army camps were raided and thousands of rifles stolen. The Albanian economy contracted, wiping out the gains from several years of rapid growth.

It was in this context that the Greek government decided to offer a GRD 20 billion support package to Albania, to be implemented by the Ministry of National Economy. The agreement underpinning this package was signed a few days prior to the donor conference held in Brussels in October 1997. The package of grants and concessional loans has 5 components (listed below). Disbursements are continuing and implementation is being overseen by a joint Greek-Albanian surveillance committee.

**Budget support:** An initial grant of GRD 2 billion was provided in October 1997 to help Albania deal with the immediate consequences of the crisis.

**Balance-of-payments support:** A GRD 3 billion loan was disbursed in August 1998 to support Albania's macro-economic adjustment programme.

**Private sector support:** A loan of GRD 5 billion was earmarked to provide compensation to Albanian, Greek/Albanian and Greek companies adversely affected by the crisis. The programme is implemented through the local branches of Greek banks in Albania. To date, nearly GRD 1.1 billion has been disbursed. At the meeting in 2001 of the Joint Greek-Albanian Committee on Economic, Industrial, Technological and Scientific Co-operation, both parties agreed to examine the possibility of using the remaining GRD 3.9 billion to provide assistance to small and medium-sized enterprises in Albania.

**Housing:** The programme to provide housing for people who lost property in 1997 is being implemented in two stages. In Stage I, a loan of GRD 0.5 billion has been on-lent to individuals to help them purchase an apartment. In total, 164 existing apartments throughout Albania have been purchased with the occupants selected by an Albanian housing organisation. In Stage II, a loan of GRD 4.5 billion will be made to finance the construction of housing throughout Albania for homeless people. Delays have been experienced with this programme due to difficulties experienced by Albanian authorities with identifying genuine cases of people who lost property.

**Social infrastructure:** Two agreements have, so far, been signed concerning this GRD 5 billion loan. The first, for GRD 1.5 billion, was signed in July 2000 and covers the rehabilitation and construction of schools. The second, also for GRD 1.5 billion and also signed in July 2000, covers the purchase of equipment for the maternity unit of Tirana Hospital. Preparation of agreements for the remaining GRD 2 billion is still pending.

As this description suggests, Albania has experienced difficulties with absorbing aid and disbursement rates tend to be low. The Albanian government acknowledges that more needs to be done to improve the targeting, transparency and effectiveness of its expenditures in order to increase Albania's capacity to absorb foreign assistance.

Excluding activities in response to emergencies implemented by the Hellenic Armed Forces, Greek bilateral ODA principally finances technical co-operation. This mostly consists of scholarships to pursue post-graduate studies or specialist medical training in Greece. During the first five-year programme, a range of other small-scale technical co-operation activities were supported aimed at transferring know-how to public sector officials. Many of these were pilot activities and merit being pursued and scaled-up substantially during the second five-year programme. Project and programme aid and emergency and disaster relief have been other significant components of Greece's bilateral assistance in some recent years. Since 2000, Greece has included in its ODA the sustenance costs for refugees during their first year in Greece, which is recorded under emergency and disaster relief.

Among developing countries, only Albania has outstanding official debts to Greece to a value of USD 27 million. Albania is seeking to negotiate a rescheduling of these debts. Two transition countries have outstanding official debts: the Russian Federation (to a total value of USD 12 million) and Romania (USD 7 million). Greece contributed USD 1 million to the Trust Fund for Heavily-Indebted Poor Countries (HIPC) in 1996 and takes pride in being the first country to make a disbursement to the fund. Greece's total contribution to the HIPC Trust Fund now stands at USD 11 million, which includes a second bilateral contribution of USD 2 million in October 2001 and USD 8 million representing Greece's *pro rata* share of the contribution made directly by the European Community.

### **Multilateral assistance: policies and allocations**

For Greece, multilateral assistance is a useful channel for pursuing its objectives and an efficient means of providing development co-operation, due to the economies of scale produced. Multilateral organisations can often, but not always, provide an appropriate response to international and global issues. International agencies also have a comparative advantage in addressing sensitive issues.

In 1999-2000, 98% of Greece's multilateral development assistance was provided as ODA and 2% as official aid.

The largest single component of the Greek aid programme is its contributions to development programmes implemented by the European Commission. Greece's contributions amounted to USD 98 million in 2000, more than three-quarters of its total multilateral ODA and just over 40% of its total ODA. Greece's contributions in 2000 comprised USD 81 million which represented Greece's *pro rata* share of the European Community's ODA funded from its own budgetary sources and USD 17 million which was Greece's contribution to the European Development Fund. The Ministry of Foreign Affairs has main responsibility for Greece's relations with the European Commission, with representatives from other ministries participating in activities related to their specific areas of competence.

Greece's remaining multilateral ODA totalled USD 29 million in 2000 and supports various other international development and financial institutions. Primary responsibility for Greece's relations with these agencies is spread across a range of directorates in a number of ministries. These ministries and the multilateral agencies for which they have responsibility are:

- *Ministry of National Economy*: World Bank group, International Monetary Fund (IMF), European Bank for Reconstruction and Development (EBRD), Council of Europe Development Bank, European Investment Bank, Global Environment Facility (GEF),

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United Nations Development Programme (UNDP) and United Nations Industrial Development Programme (UNIDO).

- *Ministry of Foreign Affairs:* United Nations Educational, Scientific and Cultural Organisation (UNESCO) and United Nations High Commissioner for Refugees (UNHCR).
- *Ministry of the Environment, Physical Planning and Public Works:* United Nations Environment Programme (UNEP) and United Nations Framework Convention on Climate Change (UNFCCC).
- *Ministry of Agriculture:* Food and Agriculture Organisation (FAO) and World Food Programme (WFP).
- *Ministry of Health and Welfare:* World Health Organisation (WHO) and United Nations Children Fund (UNICEF).

Greece is increasing some of its multilateral contributions. Greece's contribution to UNDP had been stable at GRD 70 million (USD 0.2 million) since 1998 but will rise to GRD 100 million/EUR 0.3 million (approximately USD 0.3 million) in 2002. Its contribution to the 12<sup>th</sup> replenishment of International Development Association (IDA) will be SDR 10 million (EUR 12 million or approximately USD 11.1 million), up from SDR 4 million for IDA 11. Greece also intends to increase its contribution in the third replenishment of the GEF although the amount has still to be determined.

Greece is not a member of the African, Asian or Inter-American Development Banks and Greece's budgetary limitations do not allow it to consider joining these institutions at present. Nonetheless, Greece does not exclude joining regional development banks in the future.

In addition to its contributions to multilateral agencies, various Greek ministries make voluntary contributions and provide multi-bilateral assistance to developing and transition countries through trust funds established with the IDA, International Finance Corporation (IFC), International Bank for Reconstruction and Development (IBRD), EBRD, and UNIDO. Some of these trust funds enable Greece to use the experience within multilateral agencies to provide technical assistance to partner countries. Greece has also set up a UNIDO Investment and Technology Promotion Office in Athens to identify business opportunities in developing countries and promote the use of Greek businesses.

### **Non-governmental organisations and other civil society institutions**

Greece considers a vibrant and representative civil society is essential for the emergence of stable and democratic countries in the Balkans and the Black Sea area. The importance of involving Greek civil society in Greece's broader foreign relations is also seen as important by the current Minister for Foreign Affairs and it is Greek government policy to build up a sense of civic initiative domestically. Efforts were consequently made during Greece's first five-year programme to develop cofinancing mechanisms for NGOs and other civil society institutions. Main responsibility for managing this part of the aid programme was assigned to the newly created Hellenic Aid in the Ministry of Foreign Affairs.

Law 2731 provides the foundations for an NGO cofinancing scheme. The law sets out the requirements for registering NGOs, a prerequisite for receiving cofinancing, and defines the conditions under which public funds can be used to cofinance NGO activities. Hellenic Aid started its activities after the publication of the related Presidential decree in September 2000 and the official Greek aid



programme now cofinances NGO development projects in the areas of education, institution building, support for civil society institutions and empowerment of vulnerable groups within societies. Particular emphasis is placed on activities within the Balkans and the Black Sea area that encourage regional integration and on actions at grass-roots level.

An important issue for Hellenic Aid is building up within Greece a broad range of competent and experienced NGOs able to tackle international development issues. While a small contingent of NGOs of international standard able to attract funding from such sources as the European Community or UNDP already exists, many NGOs are still in a formative stage and need to develop their own internal systems and gain greater exposure and experience internationally. At the same time, some well-established Greek NGOs with good domestic support structures are not active in international development. An additional issue is that a large number of development-related NGOs are based in the Athens region and greater involvement from other parts of the country would be desirable.

Hellenic Aid has so far included over 150 Greek NGOs on its NGO register. To encourage the emergence of a solid base of NGOs within Greece, Hellenic Aid has interpreted the conditions for registration flexibly. However, a condition for remaining registered is active involvement in the field of international development during the previous three years. It is consequently anticipated that the number of NGOs registered may decline somewhat in future years as NGOs currently registered come around for review.

At present, there is no umbrella or co-ordinating body for NGOs in Greece which could, among other things, help fledgling NGOs build up their capacity and gain greater experience. Hellenic Aid stands ready to assist Greek NGOs form an umbrella organisation, for example by providing seed funding, but could go further by taking some specific and time-bound actions to help the process along, such as by making a meeting room available. Nevertheless, forming an umbrella group is clearly the responsibility of NGOs themselves and cannot be done for them by Hellenic Aid. Greek NGOs are starting to appreciate the value of an umbrella organisation as this could also be a forum for joining up with other NGOs active in similar areas and for sharing experiences and lessons learnt. For Hellenic Aid, there would be advantages in having a correspondent with whom it could discuss and liaise on issues of a general nature.

Law 2731 established a National Advisory Committee on NGOs, chaired by the Minister for Foreign Affairs and with representatives from other government ministries/agencies and civil society institutions. This committee should meet twice a year to formulate and recommend policies related to activities by development NGOs and address implementation issues of a systemic nature.

Hellenic Aid published in February 2001 an attractive handbook entitled *Special Guide for Non-governmental Organisations (NGOs) and Civil Society Institutions*. This guide describes Hellenic Aid's philosophy and priorities and includes details of the requirements and procedures for registration and requesting cofinancing. In addition, the guide contains basic information on multilateral development agencies that cofinance NGO activities. This guide is appreciated by the Greek NGO community.

The presence of a reliable local partner able to ensure the sustainability of projects after the involvement of the Greek NGO has ended is a fundamental condition for receiving cofinancing from Hellenic Aid. The Greek NGO must also have a minimum of two years' field experience and adequate human resources and administrative experience to implement the proposed project. Project applications are first approved by Hellenic Aid before being submitted to an independent nine-person Accreditation, Evaluation and Approval Committee for final approval. Hellenic Aid is able to fund Greek NGOs and efforts are being made to alter regulations to enable it to fund, through the local

Greek embassy, international NGO projects in developing countries as well. Hellenic Aid is not able to fund activities by NGOs from other OECD countries.

As a general rule, Hellenic Aid will fund up to 50% of the overall project budget with the NGO expected to contribute at least 15%, in cash or in kind. To encourage NGO activities in priority sectors or priority countries, Hellenic Aid's contribution may be increased to a maximum of 75%. Humanitarian assistance projects may be fully funded by Hellenic Aid. Significant delays occurred in 2001 in providing some cofinancing payments. To respect engagements already made, some NGOs had to find alternative ways of funding their Hellenic Aid approved projects while waiting for payments to be made. This situation was beyond the control of Hellenic Aid, which is fully aware of the difficulties that such situations can cause.

To date, funding available for Hellenic Aid's activities has been modest. A budget of EUR 14.7 million (approximately USD 13.5 million) was requested for 2001 but only EUR 9.4 million (approximately USD 8.7 million) was allocated. Around one quarter of Hellenic Aid's budget is redirected to fund a tertiary scholarship scheme managed by a separate directorate within the Ministry of Foreign Affairs. A further one fifth is set aside for humanitarian assistance<sup>9</sup>. Hellenic Aid's objective is to phase out its funding for tertiary scholarships during the second five-year programme so that it may increase its support for grassroots approaches to educational support. Hellenic Aid estimates that it needs budget increases of the order of 35% each year over the next five years to fulfil its mandate. Hellenic Aid has made substantial efforts to put in place an NGO cofinancing scheme consistent with international good practices and merits a larger budget allocation.

An interesting aspect of Hellenic Aid's activities is the link it makes between culture and development. Legitimising and supporting the culture and heritage of poor and marginalised groups - including their creative expression, community practices and the physical and built environment - can increase their self-esteem, energise communities and assist them in finding new ways to improve their livelihoods through reviving, using and adapting their own heritage and identity. For societies, cultural diversity and uniqueness can be leveraged into economic opportunities and foreign exchange earnings, for example through environmentally and socially sustainable tourism. Promoting mutual understanding between different cultures can limit future conflict and be an important component of efforts to promote stability and security.

In June 2001, Hellenic Aid released a strategic plan for its sphere of activities for the period 2002 to 2006, to be implemented as part of the second five-year programme. Hellenic Aid's plan (see Box 3) is based on a country strategy approach and focuses on achieving the millennium development goals. The plan is general enough to form a basis for developing a broader strategic plan covering other components of the Greek aid programme.

As well as Hellenic Aid, three other government ministries/agencies implement part of their programmes through NGOs while six other government ministries/agencies work through universities. Similarly, the Ministries of Agriculture, of Health and Welfare and of National Defence are also involved in delivering Greece's humanitarian assistance. This fragmentation underlines the importance of developing co-ordination and transparency mechanisms within the Greek aid system. It also points to an opportunity for streamlining procedures. Greece has already taken some positive action as the system for registering and co-financing NGO activities recently developed by Hellenic Aid applies across all implementing ministries/agencies.

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9. If necessary, this share can be exceeded and, in extreme cases, additional funds requested.

### Box 3. Hellenic Aid: Strategic Plan 2002-2006

Hellenic Aid views development as people-centred and focused on human development through building capacity. This means helping women, men and children in partner countries, their communities and institutions acquire the skills and resources needed to sustain their own social and economic progress. Development is a process of enlarging people's choices.

Hellenic Aid's strategic plan for 2002 to 2006 includes four key commitments:

- **A set of priorities:** Helping victims in emergency situations; alleviating poverty; ensuring sustainability; empowering the disadvantaged; supporting human rights, democracy and the rule of law; and fostering understanding between cultures.
- **Strengthened development partnerships:** Hellenic Aid works with partners willing to co-operate in a spirit of responsibility, openness and efficiency in order to achieve common long-term aims. Hellenic Aid is committed to creating new partnerships and strengthening existing ones at three levels: with Greek civil society partners; with international partners, especially the European Union; and with developing country partners.
- **Improved effectiveness:** To improve impact, quality and efficiency, Hellenic Aid strives to employ structures and processes that provide incentives for improving performance, acting creatively and overcoming bureaucratic procedures and attitudes. Effectiveness and rapid response in providing relief to victims of emergencies is an essential element of Hellenic Aid's day-to-day operations.
- **Better reporting of results to the Greek public:** Greek taxpayers want to be sure that their aid money is used effectively and that their aid is making a difference in the lives of people benefiting from Greek assistance, including by increasing their self-reliance. Hellenic Aid is committed to demonstrating results and will share widely evaluations and lessons learnt. Hellenic Aid will also support programmes that build development awareness.

Hellenic Aid works principally through cofinancing NGO activities. During 2002 to 2006, Hellenic Aid will focus on: strengthening accountability (NGOs' accountability to Hellenic Aid, NGOs' accountability to recipients and NGOs' accountability to themselves); strengthening co-ordination among Greek NGOs so as to develop networks that can have a greater impact; and strengthening public awareness of development issues, the official Greek aid programme's policies and programmes and activities by NGOs.

Development assistance should be concentrated on a limited number of partner countries. The current geographical priorities for Hellenic Aid's development co-operation activities are, in descending order, the Balkans, the Black Sea area, the Middle East and sub-Saharan Africa. Hellenic Aid has prepared short strategies for its 16 priority countries (Albania, Armenia, Bosnia and Herzegovina, Bulgaria, Eritrea, Ethiopia, Georgia, Jordan, Lebanon, FYROM, Palestinian Administered Areas, Romania, Syria, Turkey, Ukraine and the Federal Republic of Yugoslavia). Hellenic Aid's humanitarian assistance is provided throughout the world, wherever emergency situations arise.

The sectoral focus of Hellenic Aid's development activities will place special emphasise on: health; education; environment and agriculture; and culture and sports. In some of Hellenic Aid's priority countries, independent support for democratisation and human rights activities, institution building and human rights, and micro-credit and income generation will be areas of focus.



## CHAPTER 3

### MAIN THEMES AND CROSS-CUTTING ISSUES

#### Poverty reduction

To be effective, development co-operation policies must be fully consistent with, and focused on, the objective of reducing poverty in partner countries. When endorsing the *DAC Guidelines on Poverty Reduction* in April 2001, DAC Members resolved to ensure the centrality of sustainable poverty reduction in development co-operation and to integrate economic, social, environmental and governance concerns within comprehensive approaches to sustainable development at the partner-country level.

Many of the objectives pursued through the Greek aid programme in the Balkans - such as consolidating democratic processes, promoting peace and preventing further conflicts - are integral parts of a multidimensional approach to poverty reduction. Nonetheless, to maximise development impact, these activities should be conceived of and pursued within a broader integrated framework. The *DAC Guidelines on Poverty Reduction* lists macro-economic and political stability as one of six key conditions for pro-poor economic growth, which in turn is one of six complementary and mutually reinforcing policy domains that should be included in an effective strategy for sustainably reducing poverty. To bolster its efforts to establish peace and security in the Balkans, Greece should ensure that its strong focus on macro-economic and political stability is not resulting in other important components of a multidimensional approach to reducing poverty being neglected, such as: promoting policies that foster social inclusion and cohesion and target basic sources of poverty; providing support to local reform programmes; strengthening institutional capacities; and encouraging sound environmental management.

Within the Greek aid system, efforts are being made to give greater prominence to the reduction of poverty. Some implementing ministries/agencies have adopted poverty reduction as a main objective for their activities. For example, to reduce poverty in rural areas, the Ministry of Agriculture is focussing in its activities on ensuring that people, especially women, have balanced diets, access to safe water and primary health-care services, a basic education and appropriate vocational training. Greece acknowledges that many of its current activities do not have a direct impact on reducing poverty but may contribute indirectly through their spillover effects. There consequently remains scope for Greece to sharpen its focus on poverty reduction. The Ministries of Agriculture, of the Environment, Physical Planning and Public Works and of National Economy recently prepared a manual setting out Greece's approach to poverty reduction, gender equality and protection of the environment - the first policy related to development prepared by a multi-ministry team. The challenge now is to operationalise this policy throughout all parts of the Greek aid system.

Establishing poverty reduction as the central goal of Greece's development co-operation would be consistent with adopting the European Community's development policy as the basis for Greece's

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development co-operation programme because the community's policy is a fleshing out of how the community will work towards achieving its poverty reduction objective. Many DAC Members have found value in emphasising the poverty reduction goal of their aid programmes as this helps increase the development impact and effectiveness of their aid activities and clarify the differing roles of development policy and external economic and commercial relations. A stronger commitment to poverty reduction could also serve to bring the various components of the Greek aid system closer together by providing them with a single and clear objective.

Greece's appropriate desire to work in co-ordination with other donors in support of partner country-led development strategies also points to a need for Greece to sharpen its focus on poverty reduction. Poverty reduction has been adopted as the main objective in the national development plans formulated by some of Greece's main partners (including Albania, Armenia, and Georgia) as well as in other countries in the Balkans and the Black Sea area (such as FYROM and Moldova). These countries have prepared Poverty Reduction Strategy Papers (PRSPs) which are transforming the basis for the provision of development assistance. Beyond its immediate region, Greece also provides development assistance to least-developed and other low-income countries where poverty reduction is the clear objective of the partner government, often expressed in a PRSP, as well as for other members of the donor community.

### **Specific aspects of poverty reduction**

#### *Social issues*

The sectoral distribution of Greece's bilateral ODA shows a strong focus on social infrastructure and services, although this is principally due to the Hellenic Armed Forces' operations in the Balkans being reported in the "government and civil society" category. In 1999-2000, two-thirds of Greece's allocable bilateral ODA supported social infrastructure and services - compared to the DAC average of 32% - with 52% of Greece's allocable bilateral ODA funding activities related to "government and civil society".

#### *Basic social services*

In 1999-2000, Greece disbursed USD 2 million or 2% of its total allocable bilateral ODA for basic social services (basic education, basic health and population programmes), below the DAC average of 5%. Greece's policies do not refer to the "20/20 Initiative" from the 1995 United Nations World Summit on Social Development that calls on interested donors to allocate 20% of their ODA to basic social programmes. At that summit, Greece stressed the importance of all people living in environments that can assure the satisfaction of their basic needs, if peace is to be maintained and development targets reached.

To pursue its objective of implementing more projects that target poverty reduction during its second five-year programme, Greece could make a more explicit link to increasing its support for basic social services. Hellenic Aid's activities already include some actions aimed at improving primary education [through construction or rehabilitation of schools (see Box 4) and the supply of basic educational materials] and providing basic health services. The Ministry of National Education and Religions is involved in repairing primary and secondary schools and providing technical and material support. The Ministry of Agriculture is active in improving availability and access to safe water in partner countries. The Ministry of Health and Welfare implements projects aimed at providing basic health services. Such activities could be built on and expanded further.

**Box 4. School rehabilitation in Albania**

With cofinancing from Hellenic Aid, European Perspective, a Greek NGO, rehabilitated in 2001 two adjacent school buildings in the region of Klos in northern Albania.

Klos became an unsafe and unstable area following the civil unrest in Albania in 1997. This caused donors to withdraw from the region. European Perspective was among the first NGOs to return. European Perspective initially rehabilitated in 1999 a high school in Burrel with cofinancing from the European Commission Humanitarian Aid Office. Based on this experience, Hellenic Aid agreed to cofinance three-quarters of the cost of the rehabilitation of the elementary and primary school located at Klos, some 20 kilometres from Burrel.

The school buildings were originally constructed before 1970 and had become badly degraded because of poor original construction and insufficient maintenance. Doors and windows were unusable. Flooring and internal and external plastering were badly damaged. Rainwater leaked into the school. Toilet facilities barely existed. Nonetheless, some 600 elementary school pupils and 400 primary school pupils were attending the school.

Following the work carried out by European Perspective with the Albanian Ministry of Education and Science as the local partner, these schools have now been fully rehabilitated, with a dramatic improvement in the health and morale of students and staff.

This project highlights some of the difficulties donors face when working in Albania. While the school buildings have been rehabilitated, school furniture remains inadequate and is in poor condition. Although the local authorities have planned to replace this equipment, funds are currently not available. Similarly, no funds are currently available to maintain these buildings. Given the extreme climatic conditions experienced in northern Albania, deterioration of the buildings can be expected to occur again rapidly. This shows the importance of multidimensional approaches to reducing poverty to ensure that "hardware" activities, such as building rehabilitation, are accompanied by adequate "software" interventions, such as increasing human and institutional capacity within the ministry of education to plan, fund and carry out a programme of building and maintenance work.

For Hellenic Aid, this project was important as it demonstrated its commitment to poverty reduction by supporting activities in a remote and rural part of Albania. It also showed that the Greek aid programme was not only focussed on supporting activities in the south of the country. The project brings out a challenge for Greece because Hellenic Aid's preferred mode of operation is for the Greek NGOs it cofinances to have a counterpart from the local civil society. In the case of Albania, civil society is not well developed and this leads to Hellenic Aid needing to accept the use of public sector institutions or local communities as counterparts. This points to a need for donors to give high priority to efforts to promote the emergence of functioning civil society institutions in Albania.

*Education*

Greece's assistance in the education sector is mainly directed at the post-secondary level, principally for tertiary scholarships to study in Greece. The Ministry of National Education and Religions also brings teachers to Greece for training in the use of new technologies and pedagogy. The Ministry of Agriculture's activities includes vocational training and, in addition, approximately one tenth of the ministry's annual aid budget allocation is used to fund the Mediterranean Agronomic Institute of Chania. The institute is Greece's member organisation of the International Centre for Advanced Mediterranean Agronomic Studies and provides post-graduate training in agronomy, forestry, environmental protection and regional planning.

More than 800 people from developing and transition countries are currently receiving scholarships to pursue post-graduate studies or specialist medical training in Greece. Several ministries offer tertiary scholarships but each scheme is managed independently. In some cases, these schemes pre-date the first five-year programme while others have been launched since 1997. The main schemes are:

- *Ministry of National Economy:* In 2001, 541 students received scholarships for studies at universities in Greece. Students from Africa mainly studied medicine, engineering and primary and secondary teaching. Students from the Middle East mainly studied medicine and engineering. Students from Asia mainly studied literature while students from the former Soviet Union mainly studied economics. Scholarship holders are selected through a three-stage process: i) each year the ministry determines eligible countries of origin; ii) the Greek diplomatic mission in those countries advertises for applications from potential scholarship holders; and iii) the ministry forms a committee to award scholarships from among the applications received. Among the conditions for receiving a scholarship, scholarship holders must commit themselves to return to their home country.
- *Ministry of Health and Welfare:* Approximately 100 scholarships are granted to doctors from developing countries in order for them to undertake training at hospitals in Greece to become specialists.
- *Ministry of National Education and Religions:* In 2001, 45 students received scholarships for post-graduate studies in Greece in the fields of humanitarian studies, Greek language and literature, science and medicine. Among the conditions for receiving a scholarship, scholarship holders must commit themselves to return to their home country and work there for at least five years.
- *Ministry of Foreign Affairs:* Greek embassies in developing countries select and nominate people for scholarships to study in Greece, including for medical training.
- *Ministry of Agriculture:* Scholarships are granted for studies in integrated agricultural and rural development, including forestry.

In Albania, Greece has offered tertiary scholarships through three ministries, those of Foreign Affairs, National Economy and National Education and Religions. Between 1997 and 2000, scholarships enabled 31 Albanian students to participate in Greek language and culture courses at a university in Greece and three Albanian teachers to conduct a survey of the Greek language department at a school in southern Albania. In addition, 42 Albanians were trained at Greek Merchant Marine Academies to enable them to take up seafarer's careers on merchant ships. There is clearly scope to develop a tertiary



scholarship scheme that is more strategically geared to building human capacity in key areas for Albania's longer-term and sustainable development.

There is an opportunity for Greece to improve efficiency by rationalising the number of tertiary scholarship schemes and to streamline procedures by introducing a common policy framework, selection procedures and award conditions. However, more importantly, it would be timely for Greece to review its support for tertiary scholarships to ensure that this major component of its bilateral programme is an efficient and cost-effective way of sustainably building capacity in partner countries and that it contributes substantially to achieving the broad goals of Greece's development co-operation. Several DAC Members have reviewed their approach to providing tertiary scholarships in recent years and have introduced some important changes, such as phasing out stand-alone scholarships and only awarding scholarships as integral parts of broader development co-operation programmes. Greece should also consider conducting some tracer studies to establish the development impact of the scholarships it has granted.

### *Health*

In addition to the Ministry of Health and Welfare's other bilateral development co-operation activities - including awarding scholarships and providing emergency assistance - the ministry has provided health infrastructure, pharmaceuticals, training and medical and other equipment to developing and transition countries. The Ministry of National Economy has provided funding to a Greek university that has formed a network with medical schools in Bulgaria. For three years, the university has been using information technology to deliver training, through remote classroom facilities, and to provide access to electronic publications, especially medical records and telemedicine. The university has also been assisting these medical schools upgrade their infrastructure.

During the second five-year programme, there will be scope for the Ministry of Health and Welfare to pursue integrated actions aimed at solving problems in partner countries related to mental health, public health and social cohesion and to provide, as required and possible, emergency humanitarian assistance, medical and other equipment and specialised know-how through a group of people who can be dispatched to provide targeted training or support.

### *Gender*

Greece seeks to apply the principle of gender equality as effectively as possible in the implementation of its development co-operation activities. Efforts are made to provide women with as many chances as possible to participate in and influence decision-making processes.

Within the Greek aid system, Hellenic Aid makes special efforts to target disadvantaged groups which, *de facto*, implies a focus on women. Hellenic Aid also supports people, especially young people and women, so that they can build confidence and develop their own initiatives and capabilities. The Ministry of National Economy has funded an epidemiological project in Albania aimed at identifying the health problems of women on the move, such as refugees. The Ministry of Agriculture aims to promote the enhancement of women's economic role in rural development and has adopted a gender pro-active approach as a basic tool for its activities.

There is nonetheless scope for Greece to focus more explicitly and rigorously on promoting a gender perspective throughout all aspects of its development co-operation by targeting women and monitoring activities from a gender perspective. Greece should ensure that a substantial proportion of scholarship

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holders and participants in other training courses and seminars are female. The Ministry of Agriculture advises that approximately 30% of all the activities it undertakes are aimed at female small-holders or at female rural dwellers, self-employed and experts assigned to the public sector to provide basic services (extension services, regional planning, etc.). Such gender awareness and targeting is welcome and the ministry should now move forward by working to increase this percentage.

### *Environment*

The objectives of the programme funded by the Ministry of the Environment, Physical Planning and Public Works are to identify environmental problems of special interest within south-eastern Europe and the Black Sea area and to support efforts by main partner countries to develop locally owned strategies for environmental protection and sustainable development. Greece's approach is based on transferring the knowledge, expertise and experience it has gained. Some pilot studies and demonstration projects have also been funded. Activities cover: institution building; management and qualitative improvement of water resources; management of the natural environment including protection of coastal areas; waste and pollution management; spatial development and climate change; introduction of clean technologies; use of renewable energies; preservation of cultural heritage; establishment of regional networks and monitoring mechanisms; environmental training; and environmental information and public awareness building. In 1999 and 2000, 58 projects with a total value of GRD 1.6 billion (approximately USD 4.8 million) were funded. These projects were implemented by Greek universities, scientific institutes and NGOs.

Improving systems for collecting, monitoring and disseminating information on environmental performance has been a particular focus of the Ministry of the Environment, Physical Planning and Public Works in recent years. The ministry cites two examples of successful projects to support the establishment of functioning environmental information systems in main partner countries:

- Provision of technical assistance to six Mediterranean countries (Egypt, Israel, Lebanon, Malta, Morocco and Tunisia) to help set up observatories to monitor environmental parameters and indicators of sustainable development. Such a decentralised structure for the collection, reporting and exchange of environmental information is considered more flexible and efficient.
- Funding an assessment by the OECD of environmental information systems in Bulgaria. In its subsequent efforts to share the results of this assessment with other countries, Greece organised and funded a three-day seminar in Athens in December 2001 on environmental information systems in the Balkans and the Black Sea area. Presentations and discussions covered four topics: relevance of environmental information for decision making; institutional, legal and financial aspects of environmental information systems; adequacy and visibility of environmental information for national and international purposes; and diffusion of and access to environmental information. The seminar brought to Athens approximately 40 officials from countries in south-eastern Europe, the Black Sea area and the eastern Mediterranean. Participants expressed interest in pursuing the process initiated by Greece and in establishing common grounds for environmental information systems throughout these regions. Ukraine expressed interest in the OECD carrying out a similar assessment of its environmental information systems (the OECD has already reviewed the environmental performances of Belarus and the Russian Federation).

From Greece's perspective, these activities have positive impacts beyond setting up the information systems themselves. Their international character promotes networking and collaboration among participating countries, including by bringing people together who had previously never had the opportunity to meet. The range of topics covered is wide and facilitates dialogue on common environmental issues, including sensitive transboundary issues which are addressed as part of broader discussions. The linkages between environmental information and public participation issues provides an opening for addressing broader governance questions. Finally, these activities support main partner countries' efforts to move towards European Union membership because candidate countries need functioning environmental information systems to support implementation of the European Unions' 2000 Directive on Public Access to Environmental Information<sup>10</sup>, a condition for membership. Greece's activities in this domain consequently feed into its broader strategic objective of promoting sustainable democracy and economic development in countries in its neighbourhood.

Among activities by other ministries are Greece's bilateral contributions to two funds aimed at improving nuclear safety in the Balkans and the Black Sea area. The Chernobyl Shelter Fund has been established to transform Unit 4 of the Chernobyl nuclear power plant in Ukraine into a stable and environmentally safe system in the medium-term. Since the first pledging conference in 1997, Greece has contributed EUR 2.5 million (approximately USD 2.3 million), funded half by the Ministry of National Economy and half by the Ministry of Foreign Affairs. At the second pledging conference in 2001, Greece pledged a further EUR 2.5 million (approximately USD 2.3 million) to be disbursed by 2005, with the Ministry of National Economy intending to contribute two thirds of this amount and the Ministry of Foreign Affairs one third. Greece also contributes to the Kozloduy International Decommissioning Support Fund set up in 2000 to assist Bulgaria decommission one of its nuclear power plants. Greece has pledged EUR 1.5 million (approximately USD 1.4 million) to be disbursed by 2005, with the Ministry of National Economy intending to contribute two-thirds of this amount and the Ministry of Foreign Affairs one third. These funds are administered for the international community by the EBRD and the Ministry of National Economy has represented Greece at assemblies of contributors and pledging conferences.

In the future, there will be scope for the Ministry of the Environment, Physical Planning and Public Works to increase synergies with other bilateral donors and international organisations by participating in joint projects, co-funding multilateral activities and participating in trust funds.

Given the priority areas of the *Hellenic Plan for the Economic Reconstruction of the Balkans*, it will be important for Greece to carry out environmental impact assessments to identify and minimise potential environmental damage from activities funded. Limited institutional capacity of some ministries responsible for environmental protection in the five partner countries concerned means that Greece may need to make special efforts to ensure that activities comply with the partner's own environmental laws and regulations, as well as good international practices. Partner country counterparts should nevertheless be involved to the extent possible in the assessment processes to ensure their perspectives are taken into account and that recommendations are implemented.

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10. The Directive on Public Access to Environmental Information aligns European Union legislation in this area with the provisions of the 1998 UNECE *Convention on Public Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters* (the Aarhus convention).

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### *Governance*

Improving governance in main partner countries is a direct or indirect aim of many activities supported by the official Greek aid programme. One technique Greece uses is to set up networks or organise conferences and seminars for people fulfilling similar functions in countries in south-eastern Europe and the Black Sea area. For example, several implementing ministries/agencies, in particular the Ministry of National Economy, support activities by Greek universities that promote contacts with universities in other countries in these regions. Specific activities include staff exchanges, sharing and development of facilities such as information technology, organising short courses and training and forming networks among university managers. Beyond their immediate impact, such activities have a catalytic effect and collectively contribute to building up rich networks of personal contacts and knowledge-sharing opportunities among people who may otherwise have few opportunities to meet or travel internationally. Increasing mutual understanding and respect throughout Greece's neighbourhood is another by-product, which should contribute to enhancing peace and security in the Balkans.

The Ministry of National Economy has also funded a project to help Georgia better manage the technical assistance provided to it by donors through the establishment of systems that enable ministries in Georgia to improve their sharing and management of information. Through a consultancy, Greece is providing know-how and helping to develop databases and design operational systems. Among activities by other implementing ministries/agencies, the Ministry of the Interior, Public Administration and Decentralisation has provided technical assistance to two municipalities in southern Albania to help improve public administration.

The objectives pursued by Hellenic Aid include promoting well-developed democratic systems of government based on the rule of law, as this tends to lessen conflicts. Hellenic Aid also seeks to promote democracy and better governance, strengthen civil society and individual security, and increase respect for human rights. Hellenic Aid gives high priority to activities that emphasise the prevention of conflicts and disasters and the consolidation of fragile peace settlements.

The Hellenic Armed Forces have contributed to improving governance by participating in the supervision of the elections held in Albania in 1997 and by transporting ballots and other electoral equipment for the 1996 local elections in Bosnia and Herzegovina and the 1997 general elections in the Serbian Republic.

Improving governance is also a key objective pursued through Greece's support for the Stability Pact for South-Eastern Europe (see Box 5).

### *Economic development*

Greece's targeted efforts to support economic development occur at different levels. For example, Greece's Manpower Employment Organisation has conducted some seminars for unemployed youths in Albania. Fostering private sector development and building capacity to trade internationally are other components of Greece's approach.

**Box 5. Greek contributions to the Stability Pact for South-Eastern Europe**

The Stability Pact was adopted by more than 40 partner countries and international organisations in June 1999. It constitutes a serious attempt by the international community to replace previous practices that essentially consisted of unco-ordinated reactions to crises in the Balkans with a comprehensive, long-term conflict prevention strategy. The Stability Pact operates from the premise that a self-sustaining process of peace can only be achieved if progress is made in parallel in three key sectors: i) the creation of a secure environment; ii) the promotion of sustainable democratic systems; and iii) the promotion of economic and social well-being. Stability Pact activities are pursued through a Regional Table supported by three Working Tables. Target countries are Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYROM, Moldova, Romania and the Federal Republic of Yugoslavia.

Greece participates actively in Stability Pact processes and provides financial support, including disbursements of EUR 2.8 million, to date, for a range of "Quick Start" projects related to the activities of each Working Table:

**Working Table I: Democratisation and Human Rights** (total disbursed EUR 1.4 million)

- Gender issues and a Women Parliamentarians' network (EUR 210 000)
- Action plan for Parliamentary co-operation (EUR 230 000)
- Conference on the training of history teachers (EUR 100 000)
- Thematic reviews of educational policy (EUR 50 000)
- Citizens: Pillars for good governance (EUR 150 000)
- International Centre for Inter-Ethnic Relations and Minorities (EUR 100 000)
- Institutional support for countries in south-eastern Europe (EUR 385 000)
- Biennale for south-eastern European stability (EUR 200 000)

**Working Table II: Economic Reconstruction, Co-operation and Development** (total disbursed EUR 0.7 million)

- Investment Compact project (EUR 457 000)
- Development Facility project (EUR 250 000)

**Working Table III: Security, Defence, Justice and Home Affairs** (total disbursed EUR 0.7 million)

- Anti-Corruption Initiative (EUR 420 000)
- Multinational Peace Support Operations Training Centre (EUR 162 000)
- Combating Organised Crime and Corruption seminar (EUR 19 000)
- Young Magistrates seminar (EUR 93 500)

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### *Private sector development*

Supporting the emergence of robust market-based economies with a well-developed private sector is a particularly important aspect of supporting development in formerly centrally planned economies in central and eastern Europe.

The Hellenic Organisation for Small and Medium-Sized Enterprises and Handicrafts has played an active role in promoting private sector development in main partner countries through a variety of activities including: assisting with the formulation of national policies on small and medium-sized enterprises; promoting enterprise cultures; providing targeted technical assistance, such as on management techniques; helping to establish business contacts with the Greek business community; and subsidising marketing and promotion costs, such as for international trade fairs.

Some activities funded by the Ministry of National Economy have supported private sector development, including by providing technical assistance to help set up business centres in countries in the Balkans and the Black Sea area. Through the Training Centre of the National Bank of Greece and the Union of Greek Banks, the Ministry of National Economy has also funded projects, particularly in Albania, Romania and Ukraine, that have trained people from the banking sector and provided computing equipment.

In the future, the Ministry of Agriculture intends to co-finance with the FAO training courses on various topics related to the agricultural sector for members of farming co-operatives and producer associations from Balkan countries. Exchanges of experience and information should provide the basis for regional networking that is an indirect and important benefit of the common training.

### *Trade capacity building*

Integration into the world economy requires developing and transition economies to improve their capacity to export and trade competitively in international markets. The Ministry of Agriculture provides technical assistance, particularly to transition countries, to help them put in place sustainable trade policy frameworks and processes. The ministry's assistance covers a broad range of subjects including: the European Union's Common Agricultural Policy; food safety regulations; preferential trade regimes; phytosanitary and veterinary control services; and negotiations with the World Trade Organisation (WTO).

The Hellenic Foreign Trade Board also conducts training programmes on foreign trade issues for public sector executives and senior private sector managers in exporting firms. This training aims to provide knowledge and experience in international trade relations in such areas as packaging, product promotion, distribution and export insurance. In recent years, the board has been involved in the setting up of similar trade promotion boards in Bulgaria and Moldova, as well as upgrading electronic business information centres in Bulgaria and Romania.

As part of the *Hellenic Plan for the Economic Reconstruction of the Balkans*, Greece intends to use the transfer of know-how to help facilitate the integration of partner countries in the Balkans into the world economy and strengthen their export capacities.

**Humanitarian assistance and post-conflict rehabilitation**

Within the Greek aid system, several implementing ministries/agencies are involved with delivering Greece's response to humanitarian crises. The Ministry of Agriculture provides emergency food aid and the Ministry of Health and Welfare dispatches Greek pharmaceuticals and medical supplies. These are transported to the affected country through a variety of means, including by the Hellenic Armed Forces which has also transported aid in kind provided by Greek NGOs (food, clothing, footwear, blankets, tents, cement and lime). The Hellenic Armed Forces have been the principal means that Greece has used to provide post-conflict rehabilitation in recent years, especially in the Balkans. Further details of development activities by the Hellenic Armed Forces are provided in Box 6.

In addition, Hellenic Aid supports actions aimed at helping vulnerable population groups during crises by providing primary healthcare, basic education, family planning, nutrition, water and sanitation and shelter. Hellenic Aid's aims go beyond saving lives to helping communities rebuild and protect themselves against further disasters. This includes helping them find political solutions and devising reconciliation measures, as well as incorporating disaster prevention and preparedness into their overall development plans.

**Box 6. Development activities by the Hellenic Armed Forces**

The Hellenic Armed Forces have participated substantially in implementing Greece's bilateral aid programme in recent years, particularly in Albania, Bosnia and Kosovo. Most of the Greek army's ODA-eligible activities have taken place within multinational forces under the auspices of NATO or the OSCE. The following provides a summary of these activities:

**In Albania** (total cost of USD 22 million between 1998 and 2000)

- Repaired damaged roads and public buildings, including schools and hospitals
- Constructed three camps that were used to provide temporary accommodation to 7 500 refugees during the Kosovo crisis. Repaired roads in these camps and provided medical and dental care to refugees.
- Provided emergency food aid and transported humanitarian assistance.
- Repaired lighthouses (that it is now contracted to maintain).
- Repaired helicopters used by the Albanian Ministry of Health.

**In Bosnia** (total cost USD 29 million between 1998 and 2000)

- Transported and distributed humanitarian aid.
- Provided medical care to local populations.
- Reconstructed bridges.
- Transported material for use by the multinational peace-keeping force.

**In Kosovo** (total cost USD 55 million between 1999 and 2000)

- Transported and distributed humanitarian aid.
- Repaired damaged roads and public buildings, including schools.
- Provided medical care to local populations and transported patients to hospitals.
- Removed explosive mines and destroyed weapons.

The Greek army may continue to be involved in the Greek development co-operation programme in the future. In 2002, Greece will dispatch additional armed forces to Balkan peacekeeping operations, to take up the slack created following the withdrawal of 6 000 United States troops from Bosnia and Kosovo. The Hellenic Armed Forces are also participating in the multinational force being set up in Afghanistan. The Greek contingent includes a medical unit, an ambulance, a mobile hospital and a company of engineers with road construction equipment. International good practice provides guidance to maximise the development impact of such activities.



## CHAPTER 4

### POLICY COHERENCE

#### **The challenge of policy coherence for poverty reduction**

Achieving a sustainable reduction in poverty requires OECD Member governments to seek overall coherence between their policies with regard to their impact on global poverty reduction. Policy coherence is a major challenge because the specific issues commonly involve domestic interest groups and government agencies with primary interests and responsibilities other than that of reducing poverty. Accepting the challenges involved, DAC Members agreed, when endorsing the *DAC Guidelines on Poverty Reduction*, to elevate policy coherence for poverty reduction as a general concern in government policies and to develop the means necessary to promote it across government.

For Greece, specific policy coherence issues can be especially challenging. Greece's bilateral relations with its neighbours are almost exclusively with developing or transition countries and some of these relations are particularly complex. This means that some Greek policy communities with objectives of key importance for Greece are implicated on an on-going basis in its relations with developing countries. Some issues of importance for developing and transition countries may also come into conflict with special interests in Greece<sup>11</sup>.

Like other DAC Members, Greece faces a number of complex policy coherence issues. The following are some examples:

- **European Union perspectives for south-eastern Europe:** The capacity of developing countries to participate in negotiating and implementing international agreements, and their capacity to reap benefits from them, needs substantial strengthening. Many DAC Members offer programmes for capacity building related to international trade, both for developing civil servants' negotiating skills and for developing the private sector's ability to compete in the global economy. Greece is strengthening its efforts and policies to assist countries in south-eastern Europe to build their capacity and promote European Union association processes.
- **Illegal migration:** Insecurity, limited economic prospects and poor services can encourage poor people to adopt coping strategies based on migration. Some poor families in eastern and south-eastern Europe pool their resources to send family members to work in western Europe, legally or illegally, including to Greece (particularly

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11 . In his statement at the World Trade Organisation's Ministerial Conference in Doha in November 2001, the Greek Deputy Minister for Foreign Affairs stated that Greece is ready to consider favourably the legitimate interests of developing and least-developed countries. At the same time, he noted in his address that agriculture is an issue of top priority for Greece and that textiles is an extremely sensitive sector.

Albanians), with a range of positive and negative consequences for both the home and host countries. Remittances from migrants help their families at home survive. Albanian workers' remittances from Greece have in fact been a major source of dynamism in the Albanian economy (see also Box 1). At the same time, migrants have been a useful source of labour for the rapidly expanding Greek economy. As in other DAC Member countries, there are some highly problematic consequences of migration and more particularly illegal migration (e.g. associated with criminal activities). Greece has been working with Albanian authorities to address these issues. For example, Greece recently legalised around 350 000 of the estimated 500 000 Albanian migrants in Greece and the two countries are currently finalising a reciprocal social security agreement. Greece's health care system is generous towards migrants, providing them with free medical care.

- **Gender and poverty:** Gender-related differences in economic opportunity are often exacerbated by incoherent policies. For example, many of the producers and consumers most affected by opening up an economy to globalisation are women. Their situation regarding access to the resources, information and technology required to seize the opportunities offered by globalisation is critical. Gender analysis in Greece's surrounding regions is therefore central to both policy formulation and the assessment of policy impact. It can also contribute to both an understanding of poverty and to the development of effective and coherent policies and initiatives, both for donors and partners.
- **Money laundering:** Drug trafficking is a major concern for Greek authorities and it is estimated that it accounts for a large part of the proceeds of all criminality in Greece. The influx of refugees and so-called "economic migrants" from neighbouring Balkan countries and the former Soviet Union has led to increased crime. Within this context, money laundering has to be confronted, in both the banking and non-bank financial sectors. Greece has attached a high priority to the development of its anti-money laundering framework and policies and has worked since 1995 to build up the legislative framework, organisational structure and mechanisms needed to ensure compliance and enforcement. Greece participates in the Financial Action Task Force (FATF), bringing the Greek system into line with FATF's recommendations.<sup>12</sup> However, many of Greece's neighbouring countries have less formal and structured anti-money laundering policies and legislation. Greece must remain alert and will need to continue to monitor its anti-money laundering system and implement the necessary changes to make the system more effective.
- **Trafficking in persons:** The rapid influx of refugees to and through Greece during the 1990s was associated with an upsurge of criminal phenomena, including trafficking in persons directed mostly to other European countries. Greece has taken measures to confront these unexpected side-effects of migration, which are unacceptable to Greek society. Most recently, in December 2001, a draft law was introduced into the Greek Parliament that aims to have trafficking in persons and sexual exploitation of women and children recognised as organised criminal activities and included in the list of crimes

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12 . Further information on the Financial Action Task Force (FATF) and Members' compliance with anti-money laundering measures is available from the Internet at: <http://www.fatf-gafi.org/index.htm>

covered by Greece's existing trafficking and money laundering legislation. This should provide a basis for strengthening the effectiveness of policing and border controls.<sup>13</sup> Greece has also established an Interministerial Committee on Trafficking in Human Beings and signed relevant United Nations' conventions and protocols<sup>14</sup>.

### **Mechanisms for promoting policy coherence**

Taking policy decisions which stimulate growth and reduce poverty in surrounding regions is in Greece's own interest. However, as for other DAC Members, achieving an appropriate balance between domestic and development concerns is not an easy task for government.

The *DAC Guidelines on Poverty Reduction* outline a number of ways DAC Members can promote policy coherence for poverty reduction. A key step is a commitment by the highest political authorities to ensuring that public policies which impact on economic prospects and poverty reduction in developing countries are coherent. As poverty is a source of dysfunction and disorder in its neighbourhood, and Greece is adversely affected by the resulting political instability and the consequential illegal migration and environmental degradation, such a commitment is highly appropriate in the Greek context, but needs to be supported by corresponding policies and actions in surrounding countries. The DAC guidelines also recommend: establishing a political mechanism for exchange and consultation, within and across government ministries; developing a government-wide policy brief on poverty reduction; systematically vetting legislation for its coherence with reducing poverty; and devoting adequate staff resources to undertaking analyses on policy coherence issues.

Greece has structures in place that could be adapted to support a more systematic approach to addressing policy coherence issues, once a high-level commitment to improving policy coherence has been communicated throughout government. The Parliament's Standing Committee on Defence and Foreign Affairs could vet legislation. The Interministerial Committee and the Monitoring and Administrative Committee provide fora, at the political and official levels, for exchanges, consultations and decision making, if their mandates were extended to cover co-ordination for policy coherence and the membership of the Interministerial Committee were expanded to include all key ministries for development co-operation. The manual on poverty reduction, gender equality and environmental protection prepared by the Ministries of Agriculture, of the Environment, Physical Planning and Public Works and of National Economy could potentially form the basis of a government-wide policy brief on poverty reduction.

As a European Union Member State, some important issues for policy coherence, such as trade and agriculture, are the competency of the European Commission rather than Greece itself. Greece participates in and is bound by European Community policies on trade and agricultural subsidies. Reducing European Union incoherence in such sectors (an example which involves Greece, as well as other Mediterranean Member States of the European Union, is subsidies for olive oil production) is a difficult and complex issue, which is continuously discussed within the international context of trade and agriculture. Increasing Greece's support for greater policy coherence will also require expanding linkages between the bilateral and multilateral components of the Greek aid system and active

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13. The continuing reinforcement of border control is proceeding at considerable financial cost.

14. Greece has signed but not yet ratified the United Nations Convention against Transnational Organised Crime and that convention's supplementary Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children and its supplementary Protocol against Smuggling of Migrants by Land, Sea and Air.

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participation by development staff to ensure the inclusion of development co-operation perspectives when Greece is formulating its national positions for international meetings on issues with both a direct and indirect bearing on development co-operation.

Greece can work more to develop capacities for policy coherence by assigning adequate staff resources to carry out the analyses needed to determine the impact of policies on poverty reduction and sustainable development and identify where adjustments can be made to enhance coherence. The appropriate staff numbers and skills that Greece needs to achieve efficiently and effectively the broad goals of its aid programme is an issue that should be addressed generally as part of the current process of transferring Greece's international economic relations functions from the Ministry of National Economy to the Ministry of Foreign Affairs.

## CHAPTER 5

### OVERALL ORGANISATION, STAFFING AND MANAGEMENT SYSTEMS

#### Organisational arrangements

The Greek Parliament has taken on a more prominent role in relation to the official Greek aid programme over the course of the 1990s. The Parliament debates and passes important legislation for the aid programme, such as the government's annual budget and Law 2731, as well as ratifies the various Memoranda, Protocols and Agreements negotiated between Greek ministries and partner countries. The Parliament's 25-member Standing Committee on Defence and Foreign Affairs has a range of functions including on-going monitoring of the aid programme, reviewing the draft bilateral aid budget and receiving the annual report on Greece's development co-operation submitted by the Interministerial Committee. As from 2002, the Parliamentary Committee will also receive an annual report prepared by the National Advisory Committee on NGOs.

Up until October 2001, political responsibility for Greece's bilateral development co-operation was mainly held by a deputy minister within the Ministry of National Economy who also had responsibility for Greece's international economic relations. The Minister of Foreign Affairs had political responsibility for Hellenic Aid's cofinancing activities with NGOs. Broader political involvement was ensured through two committees of cabinet:

- The Interministerial Committee for the Co-ordination of International Economic Relations was responsible, among its other tasks, for planning Greece's development co-operation policy and strategy, including geographic and sectoral distribution. The committee was co-chaired by the Ministers of Foreign Affairs and of National Economy. Other ministers included those of Development<sup>15</sup>, Finance, Merchant Marine and Transport and Communications.
- The Interministerial Committee for the Environment, Gender and Poverty has also become more active in Greece's development co-operation. This committee includes representatives from the Ministries of Agriculture, of the Environment, Physical Planning and Public Works and of National Economy, as well as the General Secretariat for Equality from the Ministry of the Interior, Public Administration and Decentralisation.

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15. In Greece, the Minister for Development has responsibilities related to national development, trade, industry, research, consumer affairs and tourism.

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Law 2731 gave the Ministry of National Economy the central co-ordinating role at official level within Greece's bilateral development co-operation programme. During the first five-year programme, this responsibility was discharged by the Directorate for Development Co-operation, Special Finances and Programmes in the General Directorate for Policy Planning and Implementation of the ministry's General Secretariat for International Relations. The directorate had four departments:

- Policy Planning of Bilateral Development Assistance and Development Assistance Statistics, with responsibility for: planning and co-ordinating Greece's development co-operation policy; monitoring implementation; and compiling statistical data.
- Bilateral Development Assistance Programmes, with responsibility for: planning and implementing bilateral projects; co-financing NGO development activities; and monitoring development activities by multilateral agencies (mostly in European countries).
- Multilateral Development Assistance Programmes, with responsibility for: monitoring development activities by multilateral agencies (mostly in non-European countries); and implementing multi-bilateral assistance.
- Financial Administration of Development Assistance Programmes, with responsibility for: financial administration of projects implemented by the ministry; and planning and implementing the ministry's tertiary scholarship scheme.

In addition, other directorates within the Ministry of National Economy's General Secretariat for International Relations had responsibility for Greece's involvement in certain multilateral development institutions as well as for Greece's broader international economic relations, including with developing and transition countries.

Within the Ministry of Foreign Affairs, Hellenic Aid (the Hellenic International Development Co-operation Department) had prime responsibility for the ministry's contribution to Greece's bilateral aid programme. Hellenic Aid had six directorates: Emergency and Humanitarian Operations; Rehabilitation and Development Co-operation; Geographic Policy and Strategic Planning; NGOs and Development Education; Technical Services; and Personnel and Finance. The Head of Hellenic Aid is also Greece's Special Envoy for Humanitarian Affairs.

As well as Hellenic Aid, the General Directorate for Human Rights, Education and International Organisations within the Ministry of Foreign Affairs plans and implements that ministry's tertiary scholarship scheme and has responsibility for Greece's involvement in selected United Nations agencies. The ministry's General Secretariat for Greeks Abroad is another channel through which Greece maintains relations with developing and transition countries, especially with people of Greek origin in those countries.

Following the change in ministry responsibilities announced in October 2001, political responsibility for Greece's bilateral development co-operation was transferred to the Ministry of Foreign Affairs. The details of organisational changes are still being determined. A pertinent issue for Greece following this transfer is whether international trade relations and development co-operation should remain within the same organisational structure. In its reflections on possible organisational changes, Greece should consider forming a strong central organisational structure for development co-operation separate from the trade policy function. This structure would have broad responsibilities across Greece's bilateral and multilateral aid activities for development policy, planning, programming and evaluation. Establishing

integrated country desks in Athens, to take responsibility for the full range of Greece's diplomatic, economic and development relation with main partner countries, is another reform Greece should explore. The question of ministerial responsibilities for trade and aid might also need to be addressed.

However Greece decides to reorganise its administrative structures for development co-operation, decisions should seek to maintain and enhance the competencies developed within both the Ministry of Foreign Affairs and the Ministry of National Economy during the first five-year programme. Nonetheless, the potential difficulties associated with merging staff from different organisational cultures and with different employment experiences and expectations should not be underestimated. From a human resources perspective, particular efforts may need to be made to prepare the ground for change. Holding some seminars would allow different options and perspectives to be aired and discussed, as well as bring the experience of other donors into deliberations.

Given the large number of actors involved with implementing its development co-operation programme, co-ordination and the sharing of experiences and lessons learnt are key issues for Greece which should be addressed during the second five-year programme. During the first five-year programme, representatives from implementing ministries/agencies met in the Monitoring and Administrative Committee, a formal decision-making body whose role encompassed: i) ensuring all approved projects and programmes fall within the geographic and sectoral scope of Greece's bilateral development policies and priorities; and ii) managing implementation of the bilateral aid budget, including reallocation of funds between activities and between ministries/agencies. Implementing ministries/agencies express a need for more frequent and informal opportunities for sharing experiences and co-ordinating activities in relation to particular partner countries or sectors. Greece could consequently explore ways of increasing transparency and information flow within its aid system and encouraging greater and more frequent contact among the various actors involved, as a means of promoting synergies and sharing information and experiences. Establishing appropriately staffed country desks in Athens and stationing development officers in embassies in main partner countries would have an important impact on improving internal co-ordination and sharing experiences and lessons learnt (see also Chapter 6 on Partner Country Operations). Setting up an Intranet site for the Greek aid system is another possibility that could be explored.

A further issue arises because responsibility for relations with multilateral development agencies is spread across a number of directorates in different ministries and Greece's multilateral assistance is, to a large extent, managed independently of its bilateral activities. Through such developments internationally as the emergence of comprehensive partner country-led poverty reduction strategies, most notably PRSPs, bilateral and multilateral assistance are becoming more intertwined and complementary. This is resulting in donors increasing linkages within their aid systems to ensure that objectives pursued through bilateral and multilateral channels are mutually reinforcing and that information and experience gained are shared and discussed. Greece could usefully develop a more strategic and integrated approach to multilateral assistance and bring its bilateral and multilateral channels closer together. The Ministry of Foreign Affairs has a section that follows activities in a range of multilateral agencies, including some for which the ministry does not have lead responsibility. This section could be incorporated in a central development co-operation structure with a broader role of strategic oversight and co-ordination of Greece's multilateral development assistance.

### **Human resources**

Each of the 13 ministries/agencies involved with Greece's bilateral development co-operation has a core staff dedicated to the aid programme in Athens but, to date, no specialist development co-operation staff has been stationed in main partner countries. Currently, Hellenic Aid has 16 staff, mostly at director level or above, while the Ministry of National Economy has 35 staff directly involved with development co-operation issues, of which 14 are located in the Directorate for Development Co-operation, Special Finances and Programmes and 15 in the Directorate for International Organisations and Policies. Staff in other parts of the Ministries of Foreign Affairs and of National Economy manage Greece's involvement in selected multilateral agencies. Other implementing ministries/agencies typically have a small unit fully engaged with Greece's bilateral and sometimes multilateral development co-operation. For example, the Ministry of the Environment, Physical Planning and Public Works has a core staff of five, the Ministry of National Education and Religions has a core staff of six, the Ministry of Agriculture has a core staff of six, the Ministry of Health and Welfare has a core staff of eight and the Hellenic Organisation for Small and Medium-Sized Enterprises and Handicaps has a core staff of 16.

Other staff within each implementing ministry/agency in Athens complement these people by providing indirect support. Furthermore, Law 2731 provided the legal basis for civil servants to be engaged in development co-operation activities outside of Greece. The Ministries of Agriculture and of Health and Welfare make extensive use of staff from within their ministry to provide technical assistance. This is a cost-effective means of delivering development assistance, provided suitably qualified and experienced staff are readily and regularly available.

External consultants are also engaged to assist with administering and managing the bilateral development co-operation programme. For example, the Directorate of Development Co-operation, Special Finances and Programmes has used external advisors to design and develop its statistical information system, to prepare an assessment framework for selecting projects implemented by the ministry, to conduct a self-assessment of the first five-year programme and to conduct an in-depth evaluation of all projects and programmes carried out between 1997 and 2000 funded by the official Greek aid programme. The Ministry of the Environment, Physical Planning and Public Works contracted a technical consultant who was responsible for the management and successful implementation of its activities.

A number of human resources issues arise for Greece. It is important for donors to ensure that they have staff with a good understanding and expertise in development co-operation principles and practices, both in headquarters and in the field, and that their aid systems are compatible with the building up of institutional memory and operational expertise. The largest number of aid-related staff have been located in the Ministries of Foreign Affairs and of National Economy. However, many of these are diplomats or commercial counsellors/attachés whose main competence is in areas other than development co-operation and who are on rotation in their present positions for a limited period of time, eventually to be replaced by other staff on rotation. Some of Greece's other key implementing ministries/agencies have sector specialists who have developed considerable development knowledge and experience but these staff remain isolated in their respective ministry/agency with unclear career prospects within the Greek aid system. Enhancing career structures for development staff and increasing staff mobility between Greece's various implementing ministries/agencies and to the field should be a key objective. Greece should take the opportunity of the transfer of its international economic relations functions from the Ministry of National Economy to the Ministry of Foreign Affairs to build up a core of development co-operation staff who can play a leading role in managing and implementing its aid programme, including during postings to main partner countries.



## **Budget management and project selection**

Before Law 2371 was enacted, only the Ministries of Foreign Affairs and of National Economy were able to finance bilateral development co-operation activities. Other government ministries/agencies could become involved in development co-operation activities but these were mostly activities proposed and funded by the Ministries of Foreign Affairs or of National Economy. Alternatively, other government ministries/agencies could finance bilateral development co-operation activities from their own budgets and subsequently seek reimbursement from the Ministries of Foreign Affairs or of National Economy.

Each year, the Greek Parliament passes the government's budget which, since 1997, includes a specific line item for bilateral development co-operation. Until 2001, the draft bilateral aid budget was initially proposed by the Minister of National Economy and included allocations for each implementing ministry/agency. A Decree issued by the Minister of National Economy was required before funds could be transferred to an implementing ministry/agency, either as an annual lump sum or in instalments. Unused funds cannot be held over from one financial year to the next.

The Monitoring and Administrative Committee was charged with monitoring budget disbursements at the project level. The committee could, if necessary or desirable, increase or decrease allocations for particular activities including where this results in altering the annual allocation to an individual implementing ministry/agency. Changes to an implementing ministry/agency's original allocation required a new Decree to be issued by the Minister of National Economy. It was through this mechanism that large amounts of the aid budget were redirected in the second half of 1999 to provide emergency assistance in response to the crises in the Balkans.

Each implementing ministry/agency has its own procedure for determining which projects or activities to support from its annual budget allocation. In the majority of implementing ministries/agencies, potential projects are screened to ensure they conform with the geographic and sectoral priorities of the Greek aid programme, following which recommendations are made to ministers who make the final selection. In three ministries - those of the Environment, Physical Planning and Public Works, of Foreign Affairs and of National Economy - project selection committees have been established to select projects, either independently or through making recommendations to ministers. These committees first verify that each project conforms with the Greek aid programme's geographic and sectoral priorities before assessing each projects' fit with their own priorities.

With its range of goals, principles and objectives and geographic and sectoral priorities, Greece's systems for budget allocation and project selection have lead to an aid programme with a diverse range of small and short-term activities. To improve the efficiency of Greek aid, Greece intends during its second five-year programme to reduce significantly the number of implementing ministries/agencies. This will go some way towards addressing the issue of a dispersed aid programme without resolving the underlying cause. Strengthening Greece's country strategy process, through a more integrated and programmatic approach, would enable Greece to make annual budget allocations for main partner countries and in key sectoral areas and then determine which implementing ministries/agencies were best placed to contribute towards achieving objectives set. This may lead to a smaller number of implementing ministries/agencies contributing to individual country or sectoral programmes without necessarily reducing the number of ministries/agencies potentially contributing to implement the Greek aid programme. Greece could also usefully develop a single project selection framework, perhaps based on the system developed by the Ministry of National Economy, to be applied across the Greek aid system.

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Greece's multilateral contributions are funded from each responsible ministry's own budget. Decisions on multilateral funding levels are consequently made within the context of an assessment by individual ministries of its overall priorities and needs, both domestic and international. No procedure currently exists for determining individual multilateral agency's relative effectiveness or their contribution towards achieving the broad goals for Greece's development co-operation. Such a system would enable Greece to make decisions on appropriate levels of support and vary funding allocations accordingly. Greece could consequently consider establishing a line item within the annual government budget for multilateral assistance and elaborating an assessment framework based on development criteria for deciding the allocation of funds to the various multilateral organisations it supports.

A more ambitious objective for Greece would be to establish a single budget for its entire aid programme, including both bilateral and multilateral assistance, and develop an assessment framework which would guide decisions on budget allocations in terms of the relative merits of different channels and activities for achieving efficiently and effectively the broad goals of Greece's development co-operation programme.

### **Monitoring and evaluation**

Within the Greek aid system, monitoring and evaluation should occur at two levels. Law 2731 places responsibility on each implementing ministry/agency to undertake an annual evaluation of its bilateral development co-operation programme which should then be submitted to the Ministry of National Economy. Law 2731 has further required the Ministry of National Economy to ensure the quality of annual evaluations submitted and to use these to prepare an aggregate evaluation. Greece's evaluations should be carried out in line with DAC principles, most notably the *Principles for Evaluation of Development Assistance*.

Greece is consequently committed to establishing monitoring and evaluation systems in line with international good practices. Following through on this commitment further will be important for increasing the efficiency and effectiveness of the Greek aid programme and for creating the basic infrastructure to enable learning from successes and failures. To date, the tendency has been for implementing ministries/agencies to focus on how budgeted funds have been disbursed, rather than on results achieved or the development impact of activities supported. The adoption of project management procedures based on logical frameworks would be beneficial as it would encourage the setting of clear objectives, provide indicators for monitoring performance and describe expected achievements which can be verified during the evaluation process. Logframes could also be used to clarify the respective role and responsibilities for implementing ministries/agencies and their executing agents (such as universities and NGOs) at the activity, output and purpose levels.

Across implementing ministries/agencies, there are differences in the degree to which evaluation systems have been put in place. Annual evaluations by the Ministry of the Environment, Physical Planning and Public Works stress the importance of learning from experience and ensuring effective use of public money, but the focus is on how its annual budget allocations have been disbursed. The Ministry of Health and Welfare recognises the importance of monitoring and evaluation for improving results and is considering establishing a unit that will provide support to their executing agents and monitor and evaluate their projects. The Hellenic Organisation for Small and Medium-Sized Enterprises and Handicrafts studies the impact of each of its activities and has benchmarked its performance against that of other donors operating in the same sector. Nevertheless, the organisation acknowledges that given their long-term nature, more time will be needed before it is possible to assess whether the objective of many of its activities have been attained. Financial and administrative

constraints have prevented Hellenic Aid from developing the capacity to perform *ex post* evaluations. No monitoring or evaluation systems have been put in place for the ODA-eligible activities implemented by the Ministry of National Defence.

The field visit to Albania found that no evaluation reports have been prepared as yet on Greek aid activities in that country.

The Ministry of National Economy has taken various actions to develop an overall evaluation capacity for the Greek aid system. In 1999, the ministry commissioned a study that made a series of recommendations on how the DAC *Principles for Evaluation of Development Assistance* could be applied in the Greek context. These recommendations are ambitious and may be difficult to put in place. For example, it is unlikely that each implementing ministry/agency could establish its own evaluation policy with its own independent evaluation unit reporting directly to a minister or senior-level official. A more feasible option would be to prepare a single Greek evaluation policy and establish one independent evaluation unit for the entire Greek aid system that reports directly to a minister, a senior-level official or a board (such as an expanded Interministerial Committee). In 2001, the ministry commissioned an external consultant to prepare a "Self-assessment of the First Programme of Development Co-operation and Assistance" (see Box 7). In addition, the ministry has recruited an external consultant to develop a common methodology for the Greek aid system for managing, monitoring and evaluating projects and to prepare an evaluation of all bilateral projects and programmes carried out during the first five-year programme. This exercise is still on going but the results obtained, when available, should be used as the basis for formalising a monitoring and evaluation system for the Greek aid programme and for enhancing the development of a culture focussed on results as the development impact of activities.

At present, Greece's multilateral assistance does not appear to be evaluated by Greece, nor do current plans appear to try to cover this aspect of the aid programme. Since it would be inefficient for all donors to evaluate independently each multilateral agency, Greece should seek opportunities to participate in joint evaluation exercises of multilateral agencies with other donors. This approach would have the indirect but substantial benefit of giving Greece practical exposure to evaluation methodologies adopted by other DAC Members. To gain further experience, Greece could similarly seek to participate in some bilateral evaluation exercises conducted by other donors or actively seek to participate in evaluations of activities financed jointly with other donors.

Greece has put in place a system that enables it to report aggregate statistics on official aid flows to the DAC on an annual basis, in fulfilment of a basic condition of DAC Membership. Nevertheless, Greece is not yet reporting aggregate statistics on private flows or grants by NGOs, or data on individual aid activities to the DAC's Creditor Reporting System (CRS). This is also a normal feature of DAC Membership. CRS reporting should be a priority for Greece as it will improve transparency and information flow throughout all parts of the Greek aid system.

**Box 7. Main findings of the self-assessment of Greece's first five-year programme**

A self-assessment was commissioned in 2001 to review implementation of Greece's bilateral development co-operation programme during the first five-year programme, particularly in terms of its relevance, effectiveness and efficiency. Main findings include:

- The basic policy framework of the Greek programme covers DAC objectives to a large degree.
- The activities implemented within the framework of the Greek programme meet to a large degree the demands submitted by partner countries and the needs presented.
- The planning and implementation of the Greek development co-operation programme is relevant and sufficiently consistent with international efforts. Nonetheless, the effort of co-ordinating Greek aid with the aid of other donor countries leaves a margin for further improvement through contribution to increased mutual complementarity between the Greek programme and those of other donor countries.
- The lack of internal pluriannual programming leads to *ad hoc* programming for annual implementation, mainly based on applications from recipient countries to implementing ministries/agencies.
- Data are currently not available to support an analysis of the efficiency of the Greek aid programme, but a project is in progress to compile and process the necessary data.
- The implementation of the Greek aid programme through 13 ministries/agencies allows substantial flexibility in the implementation of activities but the dispersion of actions across a large number of ministries/agencies does not facilitate, in some cases, the task of co-ordination of those agencies.
- The programme's system of statistical monitoring is especially effective concerning the fulfilment of Greece's obligations *vis-à-vis* the recording of the implementation of the programme's activities, and the provision of necessary documentation to the DAC.
- The effectiveness of the programme, as seen from the point of view of fulfilling DAC goals, appears to be satisfactory, especially with respect to sustainable development aiming at the prevention of loss of environmental resources.
- The co-operation of Greek implementing ministries/agencies with equivalent organisations in partner countries contributes to a significant extent to an increase in the effectiveness of implementation activities, as well as an increase in their sustainability, especially due to the reinforcement, albeit indirect, of organised institutions and the creation of social infrastructure.

The self-assessment provides a useful synthesis of information publicly available on the Greek aid programme but could go further by providing details of a representative sample of activities implemented, focussing in particular on anticipated and actual results achieved, lessons learnt and desirable follow-up actions. Preparation of the self-assessment demonstrates Greece's commitment to developing an evaluative and continuous learning culture within the Greek aid system with a greater focus on results. These efforts should be consolidated and pursued further in the future.

## CHAPTER 6

### PARTNER COUNTRY OPERATIONS

A field visit to Albania in January 2002 enabled the DAC peer review team to gain a first-hand impression of Greece's development co-operation programme in one of its main partner countries. Greece provided USD 57 million in net ODA to Albania between 1998 and 2000, making Greece the sixth largest donor (after the European Community, the World Bank, Italy, the United States and Germany). A summary of Greece's aid activities in Albania, grouped by the responsible Greek implementing ministry/agency, is provided in Box 8. The main conclusions from this field visit are presented in Box 9.

#### **Projects, sector programmes and budget support**

Funding project activities has been the predominant means Greece has used to deliver its bilateral development assistance. Some programme aid has been provided by the Ministries of Foreign Affairs and of National Economy to Bulgaria and Ukraine. In addition, the Ministry of National Economy has provided balance-of-payments support to Albania, Georgia and the Federal Republic of Yugoslavia. To date, Greece has not contributed to or participated in any basket-funding arrangements, sector investment programmes or sector-wide support mechanisms.

As its development co-operation develops further, an ambition for Greece is to move away from a programme consisting of a variety of individual projects to a more programmatic and integrated approach, possibly with participation in sector investment programmes. An objective to be pursued during implementation of the *Hellenic Plan for the Economic Reconstruction of the Balkans* is to move towards a more programmatic approach in main partner countries in south-eastern Europe. This approach should be pursued but extended to cover all of Greece's bilateral aid activities in the countries concerned, i.e. to activities funded outside of the *Hellenic Plan for the Economic Reconstruction of the Balkans*.

#### **Country strategies and approaches to partnership**

Before the promulgation of Law 2731, relations between most Greek implementing ministries/agencies and partner countries were mostly limited to informal and *ad hoc* contacts with selected NGOs and other civil society organisations. The exception was the Ministry of National Economy which has had bilateral agreements covering economic, industrial, technological and scientific co-operation with main partner countries for many years. These agreements include aid activities implemented by the Ministry of National Economy as well as a wide range of other matters.

**Box 8. Greek aid activities in Albania, 1998 to 2000**

**Implemented by the Ministry of National Defence (USD 21.2 million):**

- Rehabilitation of basic national infrastructure (USD 17.2 million)
- Hospital renovation and equipping (USD 2.0 million)
- Humanitarian assistance (USD 0.8 million)
- Lighthouse repair and maintenance (USD 0.7 million)
- Helicopter repairs (USD 0.5 million)

**Implemented by the Ministry of National Economy (USD 14.3 million):**

- Loan for balance-of-payments support (USD 10.2 million)
- Loans for social infrastructure and housing (USD 3.3 million)
- Tertiary scholarships (USD 0.6 million)
- Training in EU banking and financial issues (USD 0.2 million)
- Training in TV/radio broadcasting (USD 0.1 million)

**Implemented by the Ministry of Agriculture (USD 9.0 million):**

- Emergency food aid (USD 9.0 million)

**Implemented by the Ministry of Foreign Affairs (USD 2.7 million):**

- Tertiary scholarships (USD 1.7 million)
- Reconstruction of primary and technical school facilities (USD 0.6 million)
- Construction of storage facility for the Red Cross (USD 0.3 million)
- Humanitarian assistance (USD 0.2 million)

**Implemented by the Manpower Employment Organisation (USD 1.6 million):**

- Seminars for unemployed youths (USD 1.6 million)

**Implemented by the Ministry of National Education and Religions (USD 1.1 million):**

- Provision of furniture and teaching materials to primary schools (USD 0.5 million)
- Tertiary scholarships (USD 0.5 million)
- Reconstruction of school (USD 0.2 million)

**Implemented by the Ministry of the Environment, Physical Planning and Public Works (USD 0.7 million):**

- Studies related to environmental management issues (USD 0.6 million)
- Training of officials in environmental management issues (USD 0.2 million)

**Implemented by the Ministry of Health and Welfare (USD 0.3 million):**

- Provision of medical equipment (USD 0.3 million)

**Implemented by the Ministry of the Interior, Public Administration and Decentralisation (USD 0.3 million):**

- Technical assistance to municipalities (USD 0.3 million)

### Box 9. Main conclusions from field visit to Albania

Albania exhibits many of the characteristics and challenges of a developing country, rather than a country in transition. About one fifth of Albania's 3.1 million people live on less than USD 1 a day. Donors consequently need to adopt a long-term perspective and a multidimensional approach in their development co-operation programmes, if a sustainable reduction in poverty is to be achieved. Reducing poverty in Albania will support such foreign policy objectives as increasing security and stability and expand trade and other commercial relations. Security and stability in Europe requires a positive evolution in Albania.

The economic interlinkages between Greece and Albania are impressive. These include Albanian migration to Greece, substantial remittances from those migrants flowing back to Albania and a wide range of investments by the Greek private sector in Albania. These economic relations are enhanced by some close cultural ties. Given the particular importance of this bilateral relationship, Greece can and should play a special role in supporting Albania's evolution towards economic prosperity, a more stable, safe, participatory and just society and increased environmental preservation.

The Greek government has demonstrated its willingness to play a special role by the GRD 20 billion package prepared in 1997 to help Albania through the difficult period provoked by the collapse of "pyramid" savings schemes. The package included both a fast-disbursing component, to address immediate needs, and a slower disbursing component which is being implemented flexibly as Albania's longer-term needs become more clearly defined. Albanian authorities are grateful for the substantial and timely support that Greece has provided through this package.

Albania is moving into a new phase of post-emergency development. Like other donors, this will require Greece to modify its development co-operation activities from an essentially reactive stance to a greater focus on pro-active programmes aimed at establishing the preconditions for sustainable development. In the case of Greece, this will be reflected by a much more limited involvement by the Hellenic Armed Forces. It also points to a need for greater reflections to flesh out a multidimensional approach to the sustainable reduction of poverty in Albania. The activities expected to be funded through the *Hellenic Plan for the Economic Reconstruction of the Balkans* - in social infrastructure, economic infrastructure and production sectors - form part of this longer-term and more comprehensive approach, but the other components are still to be defined. Promotion of functioning and representative civil society institutions should be part of this broader approach. The adoption of integrated and more programmatic country strategies covering the full range of Greece's bilateral aid activities would help Greece focus on these other components.

Weaknesses in human and institutional capacities are recognised as major constraints for Albania's development. Greece could and should go further with supporting the building up of sustainable human capital and institutional systems. Through regional networks supported by a wide range of Greek businesses, NGOs, universities and consultants, the Greek aid programme is already active in this area but these activities do not always include Albanian people or institutions. Increasing such regional networking adapted to the particular needs and requirements of Albania should be promoted in future.

There are important linkages between Greece's bilateral activities and its support for regional and multilateral initiatives that target countries in the Balkans. For example, Greece is the largest contributor to the Anti-Corruption Initiative within the Stability Pact for South-Eastern Europe, an important mechanism for fighting corruption in Albania. This demonstrates the value and utility of having staff, both in headquarters and the field, who can take a strategic and comprehensive view and identify linkages between different domains that can provide the basis for powerful and effective synergies.

While there is a lot of co-ordination at the sectoral and technical levels in Albania, Greece could use its privileged position to encourage Albanian authorities to address, with donors, the more systemic capacity development challenges and policy co-ordination issues which have been holding up development. A resolution of recent political tensions in Albania would assist in this regard.

Since 1999, the main Greek implementing ministries/agencies have delivered their bilateral assistance in accordance with bilateral partnership agreements concluded with corresponding ministries/agencies in main partner countries. These agreements spell out the major axes along which the ministry/agency will provide its bilateral assistance, based on the partner countries' needs as expressed in their national development plan, and Greece's perceived comparative advantage. To ensure local ownership of activities supported, Greece now only implements activities that are requested by partner countries and fall within the scope of the bilateral partnership agreement.

One consequence of this change in approach is that whereas NGOs and other civil society organisations in partner countries were previously the main target groups for training and other development activities supported by Greece, the Greek aid programme now works mostly with public sector organisations to build up their human and institutional capacity. Greece continues to work with NGOs and other civil society institutions, if a partner country requests such activities to occur and they are covered by the bilateral partnership agreement. However, where no bilateral partnership agreement has been negotiated, implementing ministries/agencies currently have no mechanism for continuing their activities with NGOs and other civil society organisations. This is an important issue for the Ministry of Agriculture that has long-standing relations with numerous countries in sub-Saharan Africa but has not yet concluded bilateral partnership agreements with all of them.

Another consequence of this approach is that Greece has, in total, a very large number of bilateral agreements between corresponding line ministries that cover, but are not restricted to, development co-operation. For example, the Ministry of Health and Welfare has concluded bilateral agreements with 15 countries (Albania, Armenia, Bulgaria, China, Croatia, Cyprus, Czech Republic, Georgia, Israel, FYROM, Malta, Romania, Slovakia, Slovenia and Syria), only four of which are main partner countries for the official Greek aid programme. In Albania, bilateral agreements have been negotiated by seven Greek Ministries (those of Agriculture; of the Environment, Physical Planning and Public Works; of Health and Welfare; of the Interior, Public Administration and Decentralisation; of National Defence; of National Economy; and of National Education and Religions). When coupled with the semi-autonomous nature of each implementing ministry/agency's bilateral programme, this contributes to extensive diversification within the Greek aid programme and a reduction in efficiency and development impact.

To build up institutional arrangements that ensure greater cohesion and complementarity among its various bilateral activities within the same partner country or sector, Greece intends during its second five-year programme to conclude a single "Partnership Framework Agreement" with each partner country to cover all future projects implemented by Greek ministries/agencies. Conclusion of such agreements should be a high priority for Greece as they will help promote more co-ordinated and coherent development assistance, limit scattering and overlapping of activities and improve the effectiveness of Greece's development assistance, for the benefit of both Greece and its partner country. These partnership agreements should be backed up by annual high-level meetings dedicated to development co-operation matters. The geographic spread of Greece's bilateral aid means that considerable time will be needed to negotiate agreements with each partner country and so prioritisation on main partners should occur. Also, to ensure these agreements are workable and "owned" within Greece itself, it will be important that implementing ministries/agencies are implicated in the negotiation of Partnership Framework Agreements and in annual aid consultations.

Greece could go further in promoting effective development partnerships by enhancing activities that foster local ownership. Practices involving the tying of aid to the procurement of donor countries' own goods and services have been prominently identified among procedures that can impair local ownership and capacity building, with substantial economic and credibility costs. Tangible benefits



could ensue for Greece's main partners from greater adoption of practices based on local procurement and from international competitive building. Since 1 January 2002, the DAC *Recommendation on Untying ODA to Least-developed Countries* has been operational for Greece as well as other DAC Members.

### **Organisation, management and staffing issues**

To a large extent, the Greek aid programme is managed from Athens with little delegation of decision-making authority to the field. A range of practical and administrative reasons explain this situation, including the fact that many of Greece's main partner countries are located within easy travelling distance from Athens, if the presence of specialised development co-operation staff in the field is needed. Many of Greece's bilateral programmes are also comparatively small. As a result of these different reasons, none of the various representatives of the official Greek aid programme stationed in partner countries have, so far, been specialist development co-operation staff engaged full-time on development co-operation work. This approach appears to be reaching its natural limits.

During the first five-year programme, Ministry of National Economy staff in the Economic and Commercial Sections of Greek embassies have been the main field representatives for the official Greek aid programme. Economic and Commercial Sections have been particularly active in five of the eight priority countries for the first five-year programme (Albania, Bulgaria, Georgia, the Federal Republic of Yugoslavia and Ukraine) as well as in Cyprus, Egypt, Lebanon, FYROM, Poland, Romania, the Russian Federation, Slovenia and Syria. Assigning commercial counsellors/attachés the role of main field representative for Greece's aid programme has provided important local liaison and co-ordination services. Nevertheless, it also raises concerns about competing and possibly conflicting objectives because these staff's principal role and priority activity is promoting bilateral economic and commercial ties and assisting Greek businesses and investors. It is not apparent that these staff can necessarily have competencies in both domains. And it was apparent from the field visit to Albania that staff in Economic and Commercial Sections have only limited time to devote to their development co-operation responsibilities (estimated at one third of the staff time).

In embassies where there is no commercial counsellor/attaché and for Hellenic Aid's activities, diplomats act as field representatives. In partner countries where the Ministry of National Defence is active, defence attachés play a co-ordinating and liaison role in their area of competence.

Law 2731 provides for the detachment of civil servants abroad and their placement within an embassy, to enable them to monitor and co-ordinate the implementation of development co-operation projects. However, with the exception of Hellenic Aid, this possibility has not been used by implementing ministries/agencies. Hellenic Aid also dispatches staff to partner countries when natural disasters occur, to assess the dimension and nature of the crisis and determine the potential response.

Good practice among DAC Members is to strengthen and deepen their field presence so as to be better able to manage pro-actively the challenges and needs of poverty reduction partnerships. Stationing development co-operation staff in main partner countries enables donors to increase effectiveness by ensuring co-ordination within their aid programme as well as to engage regularly and actively in country-based discussions on development challenges and aid co-ordination issues. This is increasingly important as partner countries elaborate their own strategic frameworks as the basis for development co-operation. Several partners of special interest for the Greek aid programme are preparing PRSPs or other comprehensive development frameworks and Greece's substantial involvement by experienced staff at the field level will be needed on an on-going basis, if Greece is to play its full part as a development co-operation partner to these countries. In addition, Greece's

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ambition to expand its assistance to least-developed countries will bring it further into contact with contexts where discussions and co-ordination occurs predominately at field level, necessitating the deployment of development staff to the field.

Greece's ambition during the second five-year programme should be to reinforce its field presence by assigning development co-operation staff to embassies in main partner countries. Doing so will be important for increasing the efficiency and effectiveness of the Greek aid programme and be consistent with the ambition of concentrating a large share of bilateral assistance on a limited number of main partner countries. Increased flexibility and greater delegation of decision-making authority to staff in the field will also be necessary and should be envisaged.

### **Aid co-ordination and working with other donors**

Greece's readiness to work with other donors, including in joint or complementary actions, is demonstrated in Albania. Greece participates at the ambassadorial level in European Union co-ordination mechanisms and the "Friends of Albania", an open-ended group organised by the OSCE that aims to reinforce international support for Albania. Greece participated in *ad hoc* international co-ordination mechanisms set up during the Kosovo crisis and for the monitoring of elections held in Albania.

Greece has also funded and contributed to activities in Albania with other donors. For example, Greece co-operated with six other donors to provide support for the preparation and follow-up of Albania's recent census. It worked jointly with the European Commission on promoting reforms within the Albanian customs service and on carrying out feasibility studies for completing a north/south road corridor. Greece contributed, alongside the United States, to a World Bank trust fund set up for the liquidation of "pyramid" investment schemes and funded, together with Italy and Germany, the establishment of an anti-trafficking centre. Nevertheless, many donors are generally unaware of Greece's development co-operation activities in Albania. This may be a consequence of the limited time and resources Greek economic and commercial staff stationed in the country have for participating substantially and pro-actively in the local donor community. This may be a missed opportunity as some other donors recognise the important contribution that Greece can make to addressing development challenges in Albania and would be interested in exploring opportunities to collaborate more closely with Greece.

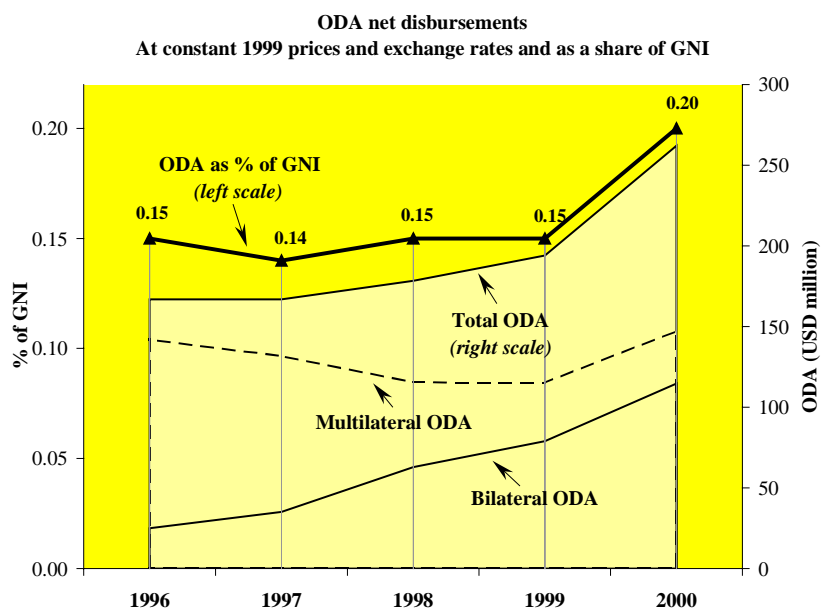
**ANNEX I**  
**STATISTICS OF AID AND OTHER FLOWS**

Table I-1. Total financial flows

USD million at current prices and exchange rates

Greece	Net disbursements				
	1996	1997	1998	1999	2000
<b>Total official flows</b>	<b>185</b>	<b>200</b>	<b>206</b>	<b>206</b>	<b>241</b>
Official development assistance	184	173	179	194	226
Bilateral	27	36	63	79	99
Multilateral	156	136	116	115	127
Official aid	<b>1</b>	<b>9</b>	<b>15</b>	<b>11</b>	<b>12</b>
Bilateral	1	9	13	8	10
Multilateral	-	-	2	3	2
Other official flows	-	<b>18</b>	<b>11</b>	<b>1</b>	<b>3</b>
Bilateral	-	18	11	1	3
Multilateral	-	-	-	-	-
<b>Grants by NGOs</b>	..	..	..	..	..
<b>Private flows at market terms</b>	..	..	..	..	..
Bilateral: <i>of which</i>	..	..	..	..	..
Direct investment	..	..	..	..	..
Export credits	..	..	..	..	..
Multilateral	..	..	..	..	..
<b>Total flows</b>	..	..	..	..	..
<i>for reference:</i>					
ODA (at constant 1999 \$ million)	167	167	178	194	262
ODA (as a % of GNI)	0.15	0.14	0.15	0.15	0.20
Total flows (as a % of GNI) (a)	..	..	..	..	..

a. To countries eligible for ODA.



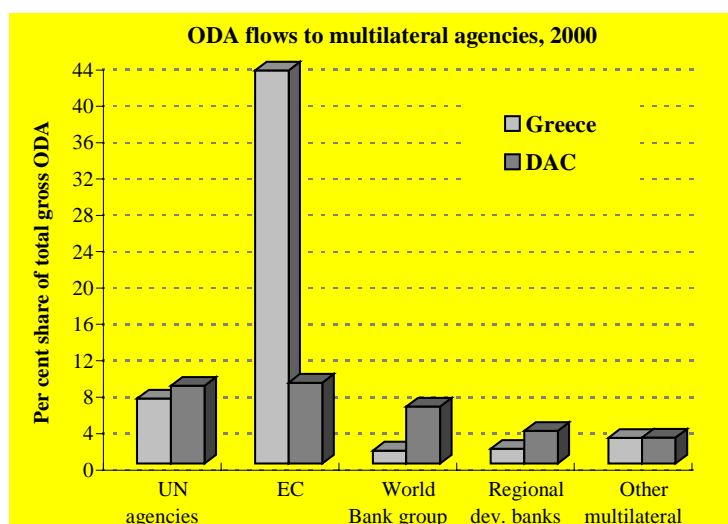
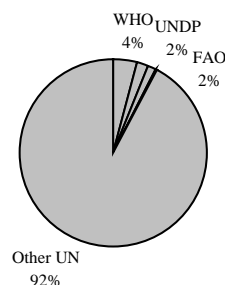
Source: OECD.

Table I-2. ODA by main categories

Greece	Constant 1999 USD million					Per cent share of gross disbursements					Total DAC 2000%
	1996	1997	1998	1999	2000	1996	1997	1998	1999	2000	
	<b>Gross Bilateral ODA</b>	<b>25</b>	<b>35</b>	<b>63</b>	<b>79</b>	<b>115</b>	<b>15</b>	<b>21</b>	<b>35</b>	<b>41</b>	
<i>Grants</i>	25	35	53	77	113	15	21	30	40	43	55
Project and programme aid	-	8	15	5	24	-	5	8	3	9	13
Technical co-operation	16	25	15	24	26	10	15	8	12	10	21
Developmental food aid	8	-	1	0	-	5	-	0	0	-	2
Emergency and distress relief	1	2	1	15	9	0	1	1	8	3	6
Action relating to debt	-	-	-	-	-	-	-	-	-	-	4
Administrative costs	-	0	0	1	0	-	0	0	0	0	5
Other grants	1	0	21	32	54	0	0	12	17	21	4
<i>Non-grant bilateral ODA</i>	-	-	10	2	2	-	-	6	1	1	15
New development lending	-	-	10	2	2	-	-	6	1	1	14
Debt rescheduling	-	-	-	-	-	-	-	-	-	-	0
Acquisition of equity and other	-	-	-	-	-	-	-	-	-	-	1
<b>Gross Multilateral ODA</b>	<b>142</b>	<b>132</b>	<b>115</b>	<b>115</b>	<b>147</b>	<b>85</b>	<b>79</b>	<b>65</b>	<b>59</b>	<b>56</b>	<b>30</b>
UN agencies	10	12	13	10	19	6	7	7	5	7	9
EC	116	108	90	91	113	69	65	50	47	43	9
World Bank group	11	6	3	3	4	7	4	2	2	1	6
Regional development banks (a)	-	1	6	6	4	-	1	3	3	2	4
Other multilateral	5	4	4	5	7	3	2	2	3	3	3
<b>Total gross ODA</b>	<b>167</b>	<b>167</b>	<b>178</b>	<b>194</b>	<b>262</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Repayments and debt cancellation</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total net ODA</b>	<b>167</b>	<b>167</b>	<b>178</b>	<b>194</b>	<b>262</b>	-	-	-	-	-	-
<i>For reference:</i>											
ODA to and channelled through NGOs	-	-	0	-	1	-	-	-	-	-	-
Associated financing (b)	-	-	-	-	-	-	-	-	-	-	-

a. Excluding EBRD.

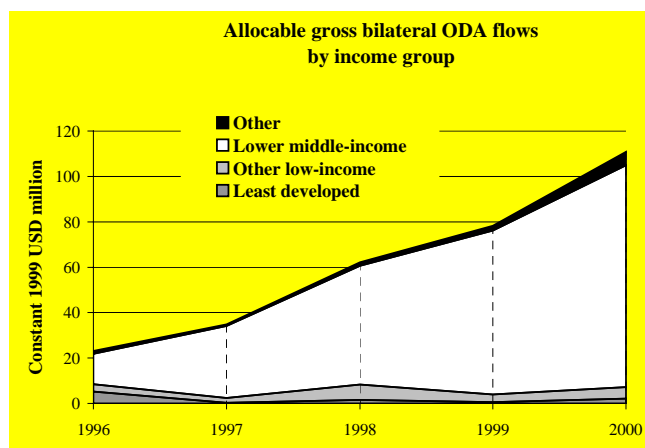
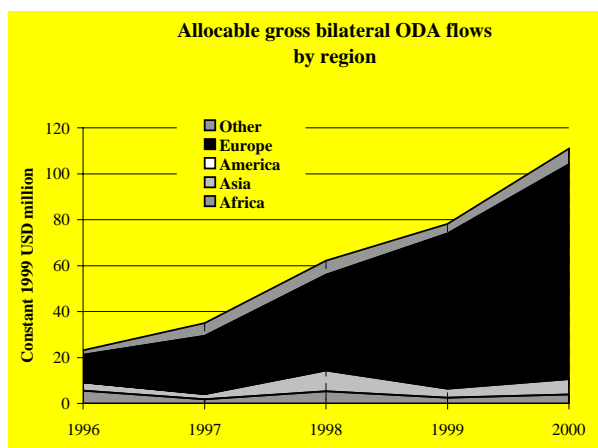
b. ODA grants and loans in associated financing packages.

Contributions to UN Agencies  
(1999-2000 Average)

Source : OECD.

Table I-3. Bilateral ODA allocable by region and income group

Greece	Constant 1999 USD million					Per cent share					Total DAC 2000%
	1996	1997	1998	1999	2000	1996	1997	1998	1999	2000	
<b>Africa</b>	6	2	5	3	4	24	5	8	3	4	<b>36</b>
Sub-Saharan Africa	5	1	3	1	2	24	2	5	2	2	<b>29</b>
North Africa	0	1	2	1	1	0	2	4	2	1	<b>7</b>
<b>Asia</b>	4	2	9	4	7	16	6	15	5	6	<b>39</b>
South and Central Asia	4	2	9	4	7	16	6	14	5	6	<b>13</b>
Far East	0	0	0	0	0	0	0	1	0	0	<b>25</b>
<b>America</b>	0	0	1	0	0	0	0	1	0	0	<b>12</b>
North and Central America	0	0	0	0	0	0	0	1	0	0	<b>6</b>
South America	-	0	0	0	0	-	0	1	0	0	<b>7</b>
<b>Middle East</b>	2	6	6	4	7	8	16	10	5	6	<b>4</b>
<b>Oceania</b>	-	-	0	-	-	-	-	0	-	-	<b>2</b>
<b>Europe</b>	12	25	41	67	93	52	72	66	86	84	<b>7</b>
<b>Total bilateral allocable</b>	<b>23</b>	<b>35</b>	<b>62</b>	<b>78</b>	<b>111</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Least developed</b>	5	0	2	1	2	22	1	2	1	2	<b>26</b>
<b>Other low-income</b>	3	2	7	3	5	14	6	11	4	5	<b>33</b>
<b>Lower middle-income</b>	13	32	52	72	98	58	91	84	93	88	<b>35</b>
<b>Upper middle-income</b>	0	1	2	2	6	2	2	2	2	5	<b>6</b>
<b>High-income</b>	-	0	0	0	0	-	0	0	0	0	<b>0</b>
<b>More advanced developing countries</b>	1	0	0	0	-	4	0	0	0	-	<b>-</b>
<i>For reference:</i>											
<i>Total bilateral</i>	25	35	63	79	115	100	100	100	100	100	<b>100</b>
<i>of which: Unallocated</i>	2	0	1	1	4	7	1	1	1	3	<b>26</b>



Source: OECD.

Table I-4. Main recipients of bilateral ODA

*Gross disbursements, two-year averages*

Greece	1996-97			1999-2000			
	Current USD million	Constant 1999 USD mn.	Per cent share	Current USD million	Constant 1999 USD mn.	Per cent share	
Albania	9.6	9.2	31.2	Yugoslavia (incl. Kosovo)	44.5	48.9	51.1
Bosnia and Herzegovina	8.8	8.3	28.6	Albania	20.7	21.6	23.8
Palestinian Adm. Areas	2.7	2.5	8.7	Bosnia and Herzegovina	4.1	4.6	4.8
Armenia	2.2	2.0	7.0	Palestinian Adm. Areas	2.9	3.1	3.3
Ethiopia	1.5	1.3	4.8	Armenia	2.7	3.0	3.1
<b>Top 5 recipients</b>	<b>25</b>	<b>23</b>	<b>80</b>	<b>Top 5 recipients</b>	<b>75</b>	<b>81</b>	<b>86</b>
Eritrea	1.4	1.3	4.5	(FYR) Macedonia	1.6	1.7	1.9
Georgia	0.6	0.6	2.1	Lebanon	1.5	1.7	1.7
Cyprus	0.5	0.5	1.6	Turkey	1.5	1.6	1.7
Jordan	0.5	0.4	1.5	Georgia	1.2	1.3	1.4
Lebanon	0.4	0.3	1.2	Egypt	0.8	0.8	0.9
<b>Top 10 recipients</b>	<b>28</b>	<b>26</b>	<b>91</b>	<b>Top 10 recipients</b>	<b>81</b>	<b>89</b>	<b>94</b>
Yugoslavia, Fed. Rep.	0.3	0.3	0.9	Sts Ex-Yugoslavia unsp.	0.7	0.9	0.8
Syria	0.2	0.2	0.7	Ethiopia	0.7	0.8	0.8
Egypt	0.2	0.2	0.6	Moldova	0.3	0.4	0.4
(FYR) Macedonia	0.2	0.2	0.6	Syria	0.3	0.3	0.4
Tunisia	0.1	0.1	0.5	Tunisia	0.3	0.3	0.3
<b>Top 15 recipients</b>	<b>29</b>	<b>27</b>	<b>95</b>	<b>Top 15 recipients</b>	<b>84</b>	<b>91</b>	<b>96</b>
Turkey	0.1	0.1	0.5	Uzbekistan	0.2	0.3	0.3
Iraq	0.1	0.1	0.5	Mauritius	0.2	0.2	0.2
Azerbaijan	0.1	0.1	0.4	Iran	0.2	0.2	0.2
Côte d'Ivoire	0.1	0.1	0.4	Jordan	0.2	0.2	0.2
Moldova	0.1	0.1	0.4	Morocco	0.2	0.2	0.2
<b>Top 20 recipients</b>	<b>30</b>	<b>28</b>	<b>97</b>	<b>Top 20 recipients</b>	<b>85</b>	<b>92</b>	<b>97</b>
<b>Total (57 recipients)</b>	<b>31</b>	<b>29</b>	<b>100</b>	<b>Total (70 recipients)</b>	<b>87</b>	<b>95</b>	<b>100</b>
Unallocated	1	1		Unallocated	2	2	
<b>Total bilateral gross</b>	<b>32</b>	<b>30</b>		<b>Total bilateral gross</b>	<b>89</b>	<b>97</b>	

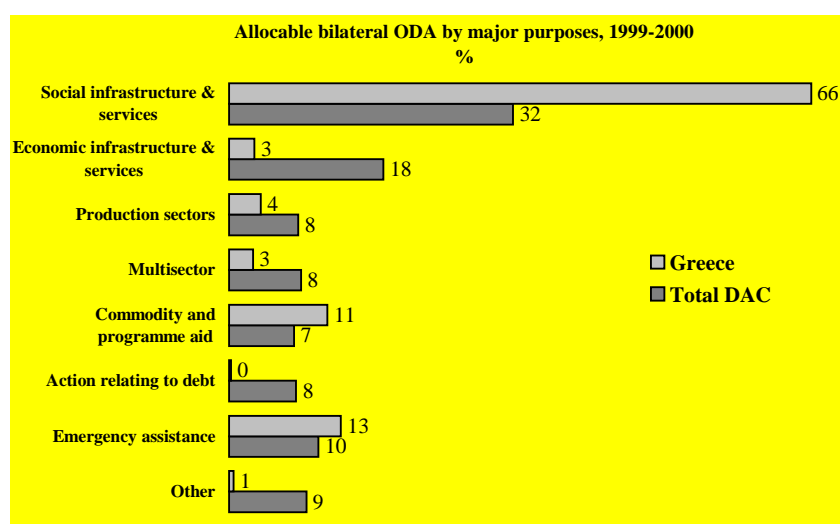
Source : OECD.

Table I-5. **Bilateral ODA by major purposes**

at current prices and exchange rates

*Disbursements, two-year averages*

Greece	1996-97		1999-2000		Total DAC per cent
	USD million	Per cent	USD million	Per cent	
<b>Social infrastructure &amp; services</b>	<b>17</b>	<b>54</b>	<b>59</b>	<b>66</b>	<b>32</b>
Education	9	31	5	6	10
of which: basic education	-	-	0	0	1
Health	4	14	4	4	4
of which: basic health	2	7	2	2	2
Population programmes	1	5	-	-	2
Water supply & sanitation	0	0	0	0	6
Government & civil society	1	2	46	52	5
Other social infrastructure & services	1	2	3	4	6
<b>Economic infrastructure &amp; services</b>	<b>2</b>	<b>8</b>	<b>3</b>	<b>3</b>	<b>18</b>
Transport & storage	1	5	0	0	9
Communications	0	0	2	2	1
Energy	-	-	-	-	4
Banking & financial services	1	2	0	1	1
Business & other services	0	1	0	0	3
<b>Production sectors</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>8</b>
Agriculture, forestry & fishing	1	2	1	1	6
Industry, mining & construction	0	0	1	1	2
Trade & tourism	1	2	1	1	0
Other	-	-	-	-	0
<b>Multisector</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>8</b>
<b>Commodity and programme aid</b>	<b>8</b>	<b>27</b>	<b>10</b>	<b>11</b>	<b>7</b>
<b>Action relating to debt</b>	-	-	-	-	<b>8</b>
<b>Emergency assistance</b>	<b>1</b>	<b>4</b>	<b>11</b>	<b>13</b>	<b>10</b>
<b>Administrative costs of donors</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>6</b>
<b>Core support to NGOs</b>	<b>0</b>	<b>0</b>	-	-	<b>2</b>
<b>Total bilateral allocable</b>	<b>31</b>	<b>100</b>	<b>89</b>	<b>100</b>	<b>100</b>
<i>For reference:</i>					
Total bilateral	31	17	89	42	73
of which: Unallocated	0	0	0	0	4
Total multilateral	146	83	121	58	27
<b>Total ODA</b>	<b>177</b>	<b>100</b>	<b>210</b>	<b>100</b>	<b>100</b>



Source : OECD.



Table I-6. Comparative aid performance

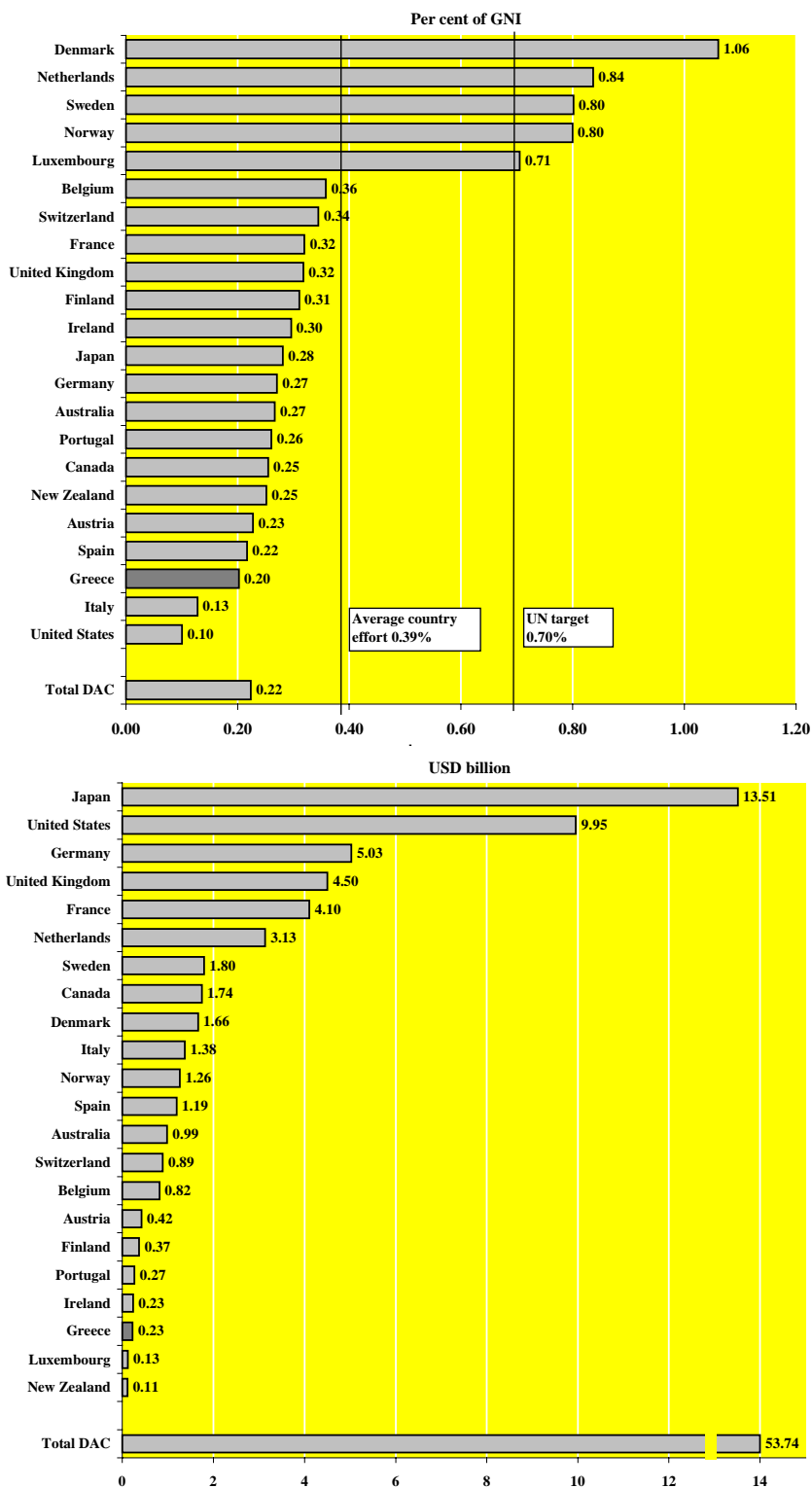
	Official development assistance			Grant element of ODA (commitments) 2000 % (a)	Share of multilateral aid				ODA to LLDCs Bilateral and through multilateral agencies 2000		Official aid	
	2000		94-95 to 99-00 Ave. annual % change in real terms		2000		2000		2000		2000	
	USD million	% of GNI			% of ODA	% of GNI	% of ODA	% of GNI	USD million	% of GNI		
	(b)	(c)			(b)	(c)	(b)	(c)				
Australia	987	0.27	-0.7	100.0	23.2	18.8	0.06	0.04	21.1	0.06	8	0.00
Austria	423	0.23	-4.1	96.1	39.3	18.8	0.09	0.04	23.2	0.05	187	0.10
Belgium	820	0.36	2.0	99.4	41.8	18.5	0.15	0.07	25.0	0.09	74	0.03
Canada	1 744	0.25	-4.1	100.0	33.5	0.09			16.8	0.04	165	0.02
Denmark	1 664	1.06	4.3	100.0	38.5	32.9	0.41	0.35	32.1	0.34	189	0.12
Finland	371	0.31	6.1	100.0	41.5	27.8	0.13	0.09	29.0	0.09	58	0.05
France	4 105	0.32	-7.3	96.6	31.1	11.8	0.10	0.04	24.0	0.08	1 657	0.13
Germany	5 030	0.27	-1.9	97.9	46.6	21.9	0.13	0.06	23.3	0.06	647	0.03
<b>Greece</b>	<b>226</b>	<b>0.20</b>	<b>..</b>	<b>..</b>	<b>56.2</b>	<b>13.0</b>	<b>0.11</b>	<b>0.03</b>	<b>7.8</b>	<b>0.02</b>	<b>12</b>	<b>0.01</b>
Ireland	235	0.30	13.2	100.0	34.1	14.2	0.10	0.04	47.7	0.14	-	-
Italy	1 376	0.13	-5.5	98.5	72.6	26.3	0.09	0.03	26.7	0.03	406	0.04
Japan	13 508	0.28	3.9	87.6	27.7	0.08			15.2	0.04	- 54	0.00
Luxembourg	127	0.71	18.1	100.0	26.2	14.5	0.19	0.10	32.2	0.23	2	0.01
Netherlands	3 135	0.84	5.5	100.0	28.5	21.0	0.24	0.18	24.9	0.21	306	0.08
New Zealand	113	0.25	4.9	100.0	25.0		0.06		24.1	0.06	0	0.00
Norway	1 264	0.80	2.1	99.9	26.1		0.21		33.2	0.27	27	0.02
Portugal	271	0.26	0.9	99.1	34.0	12.0	0.09	0.03	43.2	0.11	27	0.03
Spain	1 195	0.22	1.5	92.2	39.7	10.2	0.09	0.02	11.5	0.02	12	0.00
Sweden	1 799	0.80	1.3	99.5	31.0	26.4	0.25	0.21	29.1	0.23	122	0.05
Switzerland	890	0.34	2.1	100.0	29.5		0.10		29.7	0.10	58	0.02
United Kingdom	4 501	0.32	1.5	100.0	39.8	18.1	0.13	0.06	30.9	0.10	439	0.03
United States	9 955	0.10	0.2	99.7	25.6		0.03		19.5	0.02	2 506	0.03
<b>Total DAC</b>	<b>53 737</b>	<b>0.22</b>	<b>0.4</b>	<b>95.9</b>	<b>32.9</b>	<b>23.7</b>	<b>0.07</b>	<b>0.05</b>	<b>22.0</b>	<b>0.05</b>	<b>6 848</b>	<b>0.03</b>
Memo: Average country effort		0.39										

*Notes:*

- a. Excluding debt reorganisation.
- b. Including European Community.
- c. Excluding European Community.
- .. Data not available.

Source : OECD.

Figure I-1. Net ODA from DAC countries in 2000



Source : OECD.

**PRESS RELEASE****THE DAC'S FIRST REVIEW OF GREECE'S DEVELOPMENT CO-OPERATION POLICIES AND PROGRAMMES**

Greece increased its total net disbursements of official development assistance (ODA) substantially to USD 226 million, or 0.20% of its gross national income (GNI), in 2000 as compared to USD 194 million, or 0.15% of GNI, in 1999 when it became the latest Member of the OECD's Development Assistance Committee (DAC). The DAC welcomed this first review of Greece's aid policies and programmes and noted that Greece has clearly made a good start in building up its aid effort, almost reaching the average of the 22 DAC Member countries of 0.22 % of GNI in 2000.

Guided by the government's first Five-Year Programme of Development Co-operation (1997 to 2001), Greece established units with special responsibilities for the Greek aid system within the Ministries of National Economy and Foreign Affairs. It mobilised committees at the political and official levels to manage specific aspects of the bilateral aid programme, including setting overall strategy, and is working through and with an impressive number of Greek ministries/agencies, universities, consultants, businesses and non-governmental organisations (NGOs). The leadership of the aid programme is now being unified under the Ministry of Foreign Affairs ("Hellenic Aid").

Greece's total aid/GNI objective was reached one year ahead of schedule because Greece responded to crises in the Balkans with substantial participation by the Hellenic Armed Forces in emergency assistance and rehabilitation. As these emergencies recede, Greece is preparing to allocate the funding to longer-term development activities targeting basic sources of poverty. This will require active planning for a rapid and major scaling up of selected ministries/agencies' development activities, backed up by steps to assure aid quality and effectiveness as the programme expands.

The DAC review highlighted the important contribution that Greece has to offer to support sustainable development and poverty reduction in its complicated multicultural neighbouring regions and welcomed Greece's efforts to consolidate management of its aid programme. As Greece prepares its new Five-Year Programme of Development Co-operation for the period 2002 to 2006, the guidance provided by the Review will help Greece to implement good international practices for development co-operation as espoused by the DAC.

The DAC Chairman, Mr Jean-Claude Faure, summarised the Committee's recommendations aimed at supporting Greece's endeavours both to build on its achievements to date and raise its ambitions for the next phase of expansion. Mr Faure welcomed the open quality of the Greek presentations in this regard and felt sure that the Secretariat and other DAC Members would be ready to contribute their experience to these endeavours. The Committee noted that Greece should further develop the objectives of its aid programme and implement coherent government-wide policies on poverty reduction, gender equality and the environment, including the contribution of sustainable poverty reduction to regional security and welfare. It should ensure that the new organisational structures promote efficient and effective development co-operation goals by developing a framework to assist

## *Greece*

decision-making and budget allocations for both bilateral aid and multilateral allocations. The Greek government, in particular the Ministry of Foreign Affairs in its new capacity, should enhance the relevant knowledge, skills and experience of people managing and administering the development co-operation programme, both in Athens and in the field. And, to reinforce public support, it should increase efforts to inform Parliamentarians and the public of the results of activities funded by the official Greek aid programme.

At the review meeting on 12 March 2002, the Greek delegation was led by Mr Minas Stavrakakis, General Secretary for International Relations, Ministry of National Economy. Mr Alex Rondos, General Director, Hellenic International Development Co-operation Department, represented the Ministry of Foreign Affairs. The examining countries were Finland and Spain.

## DESCRIPTION OF KEY TERMS

*The following brief descriptions of the main development co-operation terms used in this publication are provided for general background information. Full definitions of these and other related terms can be found in the "Glossary of Key Terms and Concepts" published in the DAC's annual Development Co-operation Report.*

**ASSOCIATED FINANCING:** The combination of OFFICIAL DEVELOPMENT ASSISTANCE, whether GRANTS or LOANS, with any other funding to form finance packages.

**DAC (DEVELOPMENT ASSISTANCE COMMITTEE):** The committee of the OECD which deals with development co-operation matters. A description of its aims and a list of its Members are given at the front of this volume.

**DAC LIST OF AID RECIPIENTS:** A two-part List of Aid Recipients was introduced by the DAC with effect from 1 January 1994. Part I of the List is presented in the following categories (the word "countries" includes territories):

**LLDCs:** Least Developed Countries. Group established by the United Nations. To be classified as an LLDC, countries must fall below thresholds established for income, economic diversification and social development. The DAC list is updated immediately to reflect any change in the LLDC group.

**Other LICs:** Other Low-Income Countries. Includes all non-LLDC countries with per capita GNI less than USD 760 in 1998 (World Bank Atlas basis).

**LMICs:** Lower Middle-Income Countries, i.e. with GNI per capita (World Bank Atlas basis) between USD 761 and USD 3 030 in 1998. LLDCs which are also LMICs are only shown as LLDCs – not as LMICs.

**UMICs:** Upper Middle-Income Countries, i.e. with GNI per capita (World Bank Atlas basis) between USD 3 031 and USD 9 360 in 1998.

**HICs:** High-Income Countries, i.e. with GNI per capita (World Bank Atlas basis) more than USD 9 360 in 1998.

Part II of the List comprises "Countries in Transition". These comprise: i) more advanced Central and Eastern European Countries and New Independent States of the former Soviet Union; and ii) more advanced developing countries.

**DEBT REORGANISATION:** Any action officially agreed between creditor and debtor that alters the terms previously established for repayment. This may include forgiveness, rescheduling or refinancing.

**DISBURSEMENT:** The release of funds to, or the purchase of goods or services for a recipient; by extension, the amount thus spent. They may be recorded **gross** (the total amount disbursed over a given accounting period) or **net** (less any repayments of LOAN principal during the same period).

**EXPORT CREDITS:** LOANS for the purpose of trade and which are not represented by a negotiable financial instrument. Frequently these LOANS bear interest at a rate subsidised by the government of the creditor country as a means of promoting exports.

**GRANTS:** Transfers made in cash, goods or services for which no repayment is required.

**GRANT ELEMENT:** Reflects the **financial terms** of a commitment: interest rate, maturity and grace period (i.e. the interval to the first repayment of principal). The grant element is nil for a LOAN carrying an interest rate of 10%; it is 100% for a GRANT; and it lies between these two limits for a LOAN at less than 10% interest.

**LOANS:** Transfers for which repayment is required. Data on **net loans** include deductions for repayments of principal (but not payment of interest) on earlier loans.

**OFFICIAL AID:** Flows which meet the conditions of eligibility for inclusion in OFFICIAL DEVELOPMENT ASSISTANCE, except that the recipients are on Part II of the DAC LIST OF AID RECIPIENTS.

**OFFICIAL DEVELOPMENT ASSISTANCE (ODA):** GRANTS or LOANS to countries and territories on Part I of the DAC LIST OF AID RECIPIENTS (developing countries) provided by the official sector with the promotion of economic development and welfare as the main objective and which are at concessional financial terms (if a LOAN, having a GRANT ELEMENT of at least 25%).

**OTHER OFFICIAL FLOWS (OOF):** Transactions by the official sector with countries on the DAC LIST OF AID RECIPIENTS which do not meet the conditions for eligibility as OFFICIAL DEVELOPMENT ASSISTANCE or OFFICIAL AID.

**PARTIALLY UNTIED AID:** OFFICIAL DEVELOPMENT ASSISTANCE (or OFFICIAL AID) for which the associated goods and services must be procured in the donor country or among a restricted group of other countries, which must however include substantially all recipient countries.

**PRIVATE FLOWS:** Consist of the following flows at market terms financed out of private sector resources:

**Direct investment:** Investment made to acquire or add to a lasting interest in an enterprise in a country on the DAC LIST OF AID RECIPIENTS. In practice it is recorded as the change in the net worth of a subsidiary in a recipient country to the parent company, as shown in the books of the latter.

**Bilateral portfolio investment:** Includes bank lending, and the purchase of shares, bonds and real estate.

**Multilateral portfolio investment:** This covers the transactions of the private non-bank and bank sector in the securities issued by multilateral institutions.

**Private export credits:** See EXPORT CREDITS.

**TECHNICAL CO-OPERATION:** Includes both i) GRANTS to nationals of recipient countries receiving education or training at home or abroad, and ii) payments to consultants, advisers and similar personnel as well as teachers and administrators serving in recipient countries.

**TIED AID:** Official GRANTS or LOANS where procurement of the goods or services involved is limited to the donor country or to a group of countries which does not include substantially all recipient countries.

**UNTIED AID:** OFFICIAL DEVELOPMENT ASSISTANCE (or OFFICIAL AID) for which the associated goods and services may be fully and freely procured in substantially all countries.

**VOLUME:** Unless otherwise stated, data are expressed in current United States dollars. Data in national currencies are converted into dollars using annual average exchange rates. To give a truer idea of the volume of flows over time, some data are presented in **constant prices and exchange rates**, with a reference year specified. This means that adjustment has been made to cover both inflation between the year in question and the reference year, and changes in the exchange rate between the currency concerned and the United States dollar over the same period.

## THE DEVELOPMENT ASSISTANCE COMMITTEE



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