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Paris, 28 October 2004

Austria Moves Forward on Major Reforms for More Effective Aid

The OECD Development Assistance Committee (DAC) welcomed the significant reforms in the Austrian aid system since the last Peer Review in 1999, including the Development Co-operation Act, adopted in 2002 and amended in 2003, and the Three-Year Programme 2004-2006 to guide Austria's aid priorities. The DAC commends Austria's commitments to poverty reduction and the achievement of the Millennium Development Goals (MDGs) and hopes that they will be fully operationalised and reflected in the allocation of resources. This will require strong political support and staff capacity.

The creation of the Austrian Development Agency (ADA) in January 2004 to address the issues of effectively delivering an increased aid programme, presents new opportunities and challenges. ADA is responsible for administering the Ministry of Foreign Affairs' (MFA's) bilateral aid programme. The foundation of ADA will strengthen the MFA's role as the focal point for development strategy and policy leadership within the Austrian aid system, though there is still a need to operationalise the division of labour between the MFA and ADA.

Austria's net official development assistance (ODA) was USD 505 million or 0.20% of Austria's gross national income (GNI) in 2003, the third lowest among the 22 member states of the OECD Development Assistance Committee (DAC). The Committee welcomed Austria's plans to achieve its 2002 Barcelona Summit commitment of 0.33% of GNI by 2006, which will require it to raise the currently projected 2004 expenditure of €573 million by €222 million, or about 40%. This will have to be matched by mobilising public support.

The DAC recommends that Austria set out a clear strategy, including a growth path, as it prepares for increases of its development assistance funding. This is particularly important since the Austrian aid programme is characterised by a high share of debt relief, which is expected to diminish over the medium term. Long-term financial planning is needed to make Austrian aid more predictable. The Committee welcomed Austria's intention to move towards further country and sectoral concentration, building on its comparative advantage, particularly in South East Europe.

The MFA directly administers 22% of Austrian ODA; seven other federal ministries are also involved in development co-operation spending. Austria's Three-Year Programme helps the MFA to co-ordinate those activities not in its direct responsibility. The Committee felt that over time a more formal system of inter-ministerial co-ordination might be needed. With respect to policy coherence for development, the new Development Co-operation Act provides an explicit legal basis for improvement. The MFA, which is responsible for enforcing the Act, needs a prioritised coherence agenda and sufficient resources to pursue this task. The DAC urges Austria to continue its efforts to support private sector and development activities that maintain a clear focus on the economic development and welfare of recipient countries. Furthermore, the Austrian parliament and non-governmental organisations (NGOs) can play an important role in raising public awareness of the need for policy coherence for development.

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Austria's support to local civil society is appreciated by partner countries. New instruments have been developed for support to NGOs – important in Austria's aid delivery - which should permit greater alignment to partner country strategies and systems while respecting NGO roles, for example in advocacy. The DAC encourages the Austrian authorities to strengthen dialogue and consultation with partner governments including on issues of harmonisation and alignment.

The Committee recommends that the MFA takes the lead in forming a clear position on programme aid and its conditions. Personnel and procurement policies need to be updated to meet the requirements of a growing and increasingly professional bilateral aid programme. It is important to ensure the organisational independence of the Austrian aid system's evaluation function and to maintain the high standard of Austria's statistical reporting, which since the 1999 Peer Review has been brought fully into line with DAC norms.

The DAC Peer Review of Austria's development co-operation policies and programmes took place on 27 October 2004. The discussion was led by the DAC Chair Mr. Richard Manning. The Austrian Delegation was headed by Dr. Georg Lennkh, Director-General for Development Co-operation, Ministry for Foreign Affairs. The examiners for the Peer Review were Finland and Germany. The Czech Republic participated in the Peer Review as an observer.

The main findings and recommendations of the DAC regarding this review will be published on the OECD web site, at www.oecd.org/dac, during the week of 2 November 2004. For further information journalists are invited to contact Helen Fisher, OECD Media Relations Division, (tel. 33 1 45 24 80 97 or Helen.fisher@oecd.org).

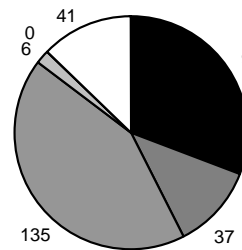
Aid at a glance

AUSTRIA

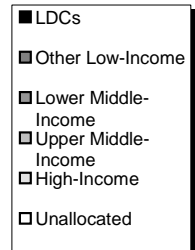
Gross Bilateral ODA, 2002-03 average, unless otherwise shown

Net ODA	2002	2003	Change 2002/03
Current (USD m)	520	505	-3.0%
Constant (2002 USD m)	520	414	-20.5%
In Euro (million)	552	447	-19.1%
ODA/GNI	0.26%	0.20%	
Bilateral share	70%	45%	
Net Official Aid (OA)			
Current (USD m)	196	245	25.1%

By Income Group (USD m)

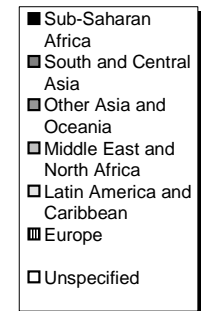
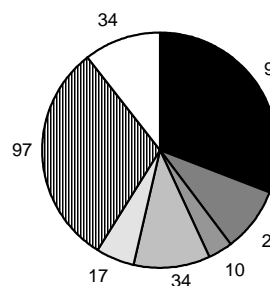


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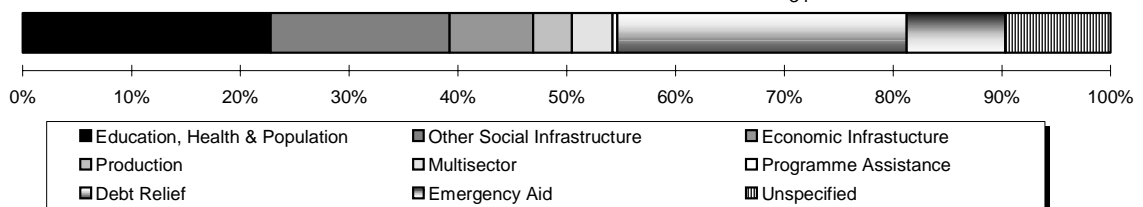


Top Ten Recipients of Gross ODA/OA (USD million)	
1 Poland (OA)	93
2 Serbia and Montenegro	53
3 Egypt	19
4 Tanzania	17
5 Turkey	16
6 Bosnia and Herzegovina	13
7 Mozambique	12
8 Russia (OA)	12
9 Bulgaria (OA)	10
10 Afghanistan	10

By Region (USD m)



By Sector



Source: OECD

NET OFFICIAL DEVELOPMENT ASSISTANCE IN 2003 (preliminary data)

